



Daily Report

East Asia

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FBIS-EAS-96-091
Thursday
9 May 1996

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May 1996

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Daily Report

East Asia

FBIS-EAS-96-091

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Japan

Japan: Brittan Repeats EC Hopes on Tokyo-Washington Chip Pact

OW0905061596 Tokyo KYODO in English
0426 GMT 9 May 93

[FBIS Transcribed Text] Tokyo, May 9 KYODO — European Commission Vice President Leon Brittan reiterated Thursday [9 May] he wants to see European semiconductor makers included in a partnership arrangement being negotiated between Japanese and U.S. microchip makers, a Japanese trade ministry official said.

The remark was made when Brittan and a group of European business leaders, who are visiting Japan, held a roundtable discussion with International Trade and Industry Minister Shumpei Tsukahara and senior trade ministry officials.

At the meeting, Brittan said that if Japanese and U.S. semiconductor industries can strike a partnership accord to replace the Japan-U.S. microchip agreement that expires July 31, European chipmakers will definitely want to join it, the official said.

While the United States is calling for renewing the 1991 government-level chip accord, Japan is steadfastly refusing the request.

The pact has achieved its objective and has been made meaningless by recent changes in the environment surrounding the semiconductor industry, Tsukahara said at the talks, according to the official.

In a move to break the government-level impasse, Japanese and U.S. semiconductor industries are negotiating a private-sector partnership agreement.

European microchip industry representatives participating in the talks showed understanding to Japan's refusal of the pact renewal, saying the government-level pact is no longer necessary, given recent progress in technological innovation and globalization of the industry, the official said.

But the industry representatives said they are interested in a semiconductor partnership that will come after the expiry of the government-level accord, the official said.

They also aired complaints about European access to the Japanese microchip market, noting the imbalance between Japanese semiconductor sales in Europe and European sales in Japan, the official said.

The Japanese trade ministry argued that the Japanese semiconductor market is completely open, with users purchasing competitive products from around the world, according to the official.

Meanwhile, the European representatives said they hope to step up cooperation with Japanese clients from the design stage, the official said.

The Japanese side urged the Europeans to take advantage of their current visit to hold discussion with the Japanese microchip industry and boost their commitments to the Japanese market, he said.

They pointed out that European semiconductor makers commit only a small part of their staff and capital to their Japanese subsidiaries and have yet to design and produce microchips locally, the official said.

Beside semiconductors, the roundtable discussion also dealt with electrical appliances, medical equipment, telecommunications services, processed food and financial services.

Japan: DA Chief Has 'Positive View' on Providing U.S. With Runway

OW0805142896 Tokyo ASAHI SHIMBUN
in Japanese 8 May 96 Morning Edition p 1

[FBIS Translated Text] On 7 May, Defense Agency Director General Hideo Usui commented on the U.S. demand for building a runway in addition to the construction of a new heliport, which is a condition for returning the U.S. Marine Corps Air Station Futenma in Okinawa. He said at the House of Councillors' Cabinet Committee session: "The 'Self-Defense Forces' (helicopter) bases also have runways. We would like to provide the U.S. Forces with things that are generally necessary for bases." It is the first time that the government officially indicated a positive view on the runway construction. Usui made the remarks in reply to questions by Japan Communist Party member Akira Kasai.

Japan: Hashimoto Comments on Construction of Okinawa Heliport

OW0905093896 Naha RYUKYU SHIMPO
in Japanese 9 May 96 Morning Edition p 2

[FBIS Translated Text] Tokyo — During the general question-and-answer session at the House of Councillors' Budget Committee held in the afternoon of 8 May, Prime Minister Ryutaro Hashimoto touched on the construction of a new heliport at an existing U.S. base on Okinawa in exchange for the return of Marine Corps Air Station Futenma. In answering a question from Tatsuo Shimizu of the Liberal Democratic Party (LDP) and Kazuyoshi Shirahama of Heisei-Kai, the prime minister said: "(The new runway to be constructed) will be much smaller than Futenma's (which is approximately 2,800 meters long)." While refraining from specifically citing

a site and estimates of the construction, Hashimoto for the first time mentioned that the heliport construction does include a runway.

Regarding the length of the runway, Kosuke Uehara, who is the vice chairman of the Social Democratic Party (SDP) and served as the chief of the SDP delegation to the United States, revealed that the U.S. demand is a heliport with a runway approximately 1,500-meters long. The prime minister's comments basically confirmed Uehara's announcement.

"At the talks with U.S. Ambassador Walter Mondale, we discussed relocation of the heliport's functions to another existing base on Okinawa. However, we have not discussed yet how much land will be necessary and where the new heliport should be constructed." While stressing this point, Hashimoto also said: "We can at least make the new runway much smaller than the 2,800-meter one at Futenma."

Asked about a review of the Japan-U.S. Status of Forces Agreement (SOFA), Hashimoto said: "I believe that in the joint statement (with the U.S. President), a system was established so that we can discuss the review when it will really be necessary. So far, there has been a big problem that hindered discussion. However, we took the possibility of a SOFA review into consideration." By this, Hashimoto indicated his intention to study a review of SOFA in the future if necessary.

When it comes to the enactment of special legislation to solve the government's illegal occupation of the small plot of land inside Sobe Communications Site, the prime minister commented: "In the discussion on decentralization of power, jurisdiction of central and local governments will be clearly divided, and rules will be made to give necessary power to the government. This is a point which should be discussed together with decentralization of power." His remarks indicated that the enactment of the special legislation will possibly be examined one more time so that the government can enforce the compulsory use of the land for the U.S. forces stationed on the island.

Japan: Okinawa To Cooperate on Base Shifts Within Prefecture

OW0905102996 Tokyo KYODO in English
1014 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The Okinawa prefectural government agreed Thursday [9 May] to cooperate with proposed relocations of U.S. military facilities within the prefecture in line with a Japan-U.S. accord last month to reduce the presence of such bases, central government officials said.

The southernmost Japanese prefecture, however, assumed that the steps are in line with its own blueprint, which Okinawa has presented to Tokyo, to recover all local U.S. military land and facilities by 2015.

During the first meeting of the newly established Tokyo-Okinawa joint task force to promote planned base cuts, Okinawa Vice Gov. Masanori Yoshimoto explained the prefecture's stance on the base cutting plan to the central government, the officials said.

In an inauguration address, Deputy Chief Cabinet Secretary Teijiro Furukawa, who is the head of the joint task force, asked the Okinawa government for strong cooperation to carry out the base reduction project.

Prior to U.S. President Bill Clinton's visit to Japan last month, Japan and the United States had agreed to a plan to reduce American bases by some 20 percent on a land basis in Okinawa Prefecture, including return of the key Futenma Marine Air Station in the city of Ginowan in five to seven years.

The accord stipulates that functions of the Futenma base will be shifted to other facilities in Okinawa Prefecture, including Kadena Air Base, north of the Futenma base, and Iwakuni Marine base in Yamaguchi Prefecture, western Japan.

Residents in municipalities with bases in which Futenma base functions are to be transferred strongly object to the plan. Immediately before the task force meeting, Tokyo and Okinawa officials held another panel session on base reduction in the prefecture.

They agreed that Japan will expedite discussions with the U.S. to set deadlines for base reductions included in the April accord by the time a Japan-U.S. action committee on Okinawa issues a final report on base reductions in November.

Japan: DFAA Head Reveals Plan To Form Base Relocation Panel

OW0905091396 Tokyo NHK General Television
Network in Japanese 1023 GMT 8 May 96

[Announcer-read report; from "NHK News" program]

[FBIS Translated Excerpt] [passage omitted] Masuo Morodomi, director general of the Defense Facilities Administration Agency (DFAA), revealed a plan to form a consultative panel comprised of officials of both the DFAA and the Yamaguchi Prefectural Government early next week to seek the prefecture's understanding on the transferring of the U.S. forces' mid-air refueling airplanes from Futenma Air Station on Okinawa to Iwakuni city in Yamaguchi Prefecture. He made these

comments during the House of Councillors' Budget Committee session held on the afternoon of 8 May.

Japan: Municipalities Oppose Hosting U.S. Exercise Facility

OW0905112596 Tokyo KYODO in English
1025 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Municipalities in Yamanashi Prefecture which host a Ground Self-Defense Force exercise field expressed opposition Thursday [9 May] to any plan to shift a U.S. military exercise facility in Okinawa Prefecture to their area.

Representatives from the municipalities and Yamanashi Prefecture made their case in a letter presented to Defense Agency chief Hideo Usui and Defense Facilities Administration Agency chief Masuo Morodomi.

Usui told the representatives that work is under way on choosing a substitute site for the U.S. live-ammunition practice facility in Okinawa among nine possible locations, the representatives said.

Morodomi was quoted as saying he hopes to decide on a substitute site for the U.S. facility before making budgetary requests for the next fiscal year by late August.

The transfer of the U.S. live-ammunition practice facility is mandated under a Japan-U.S. agreement reached last month. Under the agreement, the U.S. military will vacate some 20 percent of the land it now occupies in Okinawa.

Japan: Quadrilateral Trade Ministers' News Conference

OW0905101196 (Internet) Japan Economic Foundation WWW in English Apr 96

[From the "28th Quadrilateral Trade Ministers Meeting" link]

[FBIS Transcribed Text] Transcript 1245-1325 [Japan standard time] 21 April of the Joint Press Conference following The Quadrilateral Trade Ministers Meeting by Minister of International Trade and Industry Shunpei Tsukahara Japan, Vice-President of the European Commission Sir Leon Brittan European Union, Minister for International Trade Arthur Eggleton Canada and Acting United States Trade Representative Charlene Barshefsky United States of America.

Major Topics: I. Opening of the Joint Press Conference II. Opening remarks of Minister of International Trade and Industry Shunpei Tsukahara III. Chairman's Statement IV. Statement by Vice-President of the European

Commission Sir Leon Brittan V. Statement by Minister for International Trade Arthur Eggleton of Canada VI. Statement by Acting United States Trade Representative Charlene Barshefsky VII. Possible Information Technology Agreement (ITA) and the Japan-United States Semiconductor Arrangement VIII. Extension of the length of the joint press conference IX. Protection of intellectual property rights in the People's Republic of China X. Possible time schedule for realization of an Information Technology Agreement

I. Opening of the Joint Press Conference

Mr. Shibata, Director of PR Division of the Ministry for International Trade and Industry: With your permission, ladies and gentlemen of the press, I would like to commence the joint press conference of the Quadrilateral Trade Ministers Meeting. Because of the ministers' schedule, we would like to aim at finishing this press conference at 1315. First of all, I would like to ask Minister Tsukahara to make opening remarks.

II. Opening Remarks of Minister of International Trade and Industry Shunpei Tsukahara

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Thank you very much, I would like to remain seated. The Kobe Quadrilateral Trade Ministers Meeting, which began with a reception on 19 April, was concluded in a very successful manner thanks to the cooperation of the three ministers, following an active exchange of views in a very friendly atmosphere. Leon, Art and Charlene have cooperated very successfully, and my pronunciation is getting better and better. This year there will be many international conferences to be held after this, plus the WTO Singapore Ministerial Conference at the end of this year, and I am confident that the result of this Quad will make a very important contribution to our discussions towards the end of this year. In making this conference successful, extraordinary cooperation has been extended by Hyogo Prefecture, the City of Kobe and the people of this area. I would like to express my gratitude to all of them. Now, I would like to read out the Chairman's Statement.

III. Chairman's Statement

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Ministers from Canada, the European Union, Japan and the United States held the 28th Quadrilateral Meeting in Kobe to review recent developments in international trade and to continue planning and preparation for the Singapore Ministerial Conference of the WTO.

We emphasized the need for full implementation of WTO Agreements by all members to reinforce the

credibility of the WTO. We agreed to keep under review the situation regarding implementation, bearing in mind recent measures in violation of WTO obligations, such as TRIMs. We look forward to the report of the General Council on implementation.

We affirmed our strong commitment to the work of the Committee on Trade and Environment on all items of its agenda. We reviewed its agenda with particular focus on eco-labeling and the relation between multilateral environmental agreements (MEAs) and WTO provisions. We recognized that these topics might be more ripe for specific recommendations to be endorsed by Ministers. We also decided to support the establishment of the Committee on a permanent basis.

We, the Quad, strongly support the negotiation of an Information Technology Agreement (ITA) which is an initiative for trade liberalization in the information technology industry, and reaffirmed our efforts toward its realization on the basis of mutual benefit.

We also instructed officials to explore the possibility of acceleration of tariff reduction commitments under the Uruguay Round results, and to explore the possibility of further tariff reductions, and to report back to us at the earliest opportunity with a view to maintaining movement for further liberalization.

As a further contribution to liberalization, we agreed on the desirability of completing the work program on accountancy by the time of the Singapore Ministerial Conference, of expanding the work program in 1997, and of the development of generic rules that could be applied to several professions.

Ministers responsible for the WTO basic telecommunications negotiations reviewed the current status of negotiations and reaffirmed their commitment to a successful conclusion by April 30. They decided to redouble their efforts to complete the negotiations by presenting their best MFN-based offers and strongly urged the other WTO members to follow suit. They concluded that other participants must significantly improve their offers. They reaffirmed the need to make additional commitments on regulatory principles by referring to the reference paper, which would substantiate market access commitments. Ministers reviewed the outstanding issues in the talks, particularly the possible risk that monopolies could distort competition in international services.

We reaffirmed the importance of concluding the maritime transport negotiations by June 30 and discussed the need for contributions from all participants in order to conclude the negotiations successfully.

Noting the built-in agenda under the various WTO Agreements, we welcomed the offer by Canada to prepare a discussion paper on ways and means by which the successful completion of future work and negotiations contemplated under these agreements might be facilitated.

We reaffirmed our urgent commitment to successfully concluding negotiations on a Multilateral Agreement on Investment under OECD auspices in the spring 1997. We recognize that informal discussions of investment have already begun in Geneva. Without in any way detracting from our determination to reach the OECD agreement, we agreed that an informal WTO Working Group should now be set up in Geneva with a view to establishing a formal WTO Working Group at the Singapore Ministerial Conference.

Recognizing that core labor standards are matters of human rights and that their development is the responsibility of the International Labor Organization, we agreed that the relation between trade and labor standards should be discussed at the Singapore Ministerial Conference with a view to determining how to proceed.

We agreed on the importance of enhancing the coherence between trade and competition policy, and agreed that this issue should be discussed at the Singapore Ministerial Conference with a view to determining how to proceed.

We took note of the important advances in the OECD to combat bribery and corruption in international trade.

We agreed to renew our effort to expand membership in the WTO Government Procurement Agreement (GPA) and to improve its disciplines through reducing barriers to government procurement. As a first step, we agreed to initiate work on an interim arrangement on transparency, openness and due process in government procurement, which would help to reduce corruption as an impediment to trade.

We emphasized the importance of transparency to enhancing the credibility of the WTO, and agreed to urge other WTO members to agree on procedures for derestriction of panel reports and other WTO documents.

We affirmed our view that we intend to work to expand WTO membership as rapidly as possible, on the basis of respect for WTO rules and the achievement of meaningful market access. In this connection, we believe that effective enforcement of intellectual property rights protection is necessary for confidence building among the members needed for accession.

With regard to regional trade initiatives, the last Quad Meeting suggested the establishment of the new WTO

Committee on Regional Trade Agreements, and we welcome its establishment. We believe that regional trade initiatives must be consistent with and complementary to the multilateral trading system. With a view to building confidence in the relation between regional initiatives and the WTO, we exchanged information on our respective regional initiatives in the interests of transparency.

On regulatory reform, we agreed that ongoing work at the OECD should be supported and agreed to explore a plurilateral Mutual Recognition Agreements (MRA) for telecommunications equipment to remove regulatory barriers to trade.

We also underlined the need to deal with trade and development, having in mind the commitments taken at Marrakesh. Leon, please.

IV. Statement by Vice-President of the European Commission Sir Leon Brittan

Vice-President of the European Commission Sir Leon Brittan: May I first of all say how grateful we all are to our host for the splendid way in which we have been looked after, but also to Shunpei, for your magnificent Chairmanship of our meeting. We have had urgent and substantial issues to discuss, they have not been easy, we have not just papered over the cracks, we have made progress where we have made progress. We have had good discussions in other areas and we have etched out a path toward the future. We are deeply grateful to you both for your hospitality and for your Chairmanship. It has been a splendid effort and we appreciate it. We have made significant progress in Kobe, both on the short-term and the long-term issues, and I think that it is a real step forward. In the area of telecommunications, I think we have advanced matters substantially, although there are, of course, major issues that are still outstanding. I am optimistic, on the basis of the discussions that we have had, that the outstanding market access schedule issues between the United States and the European Union, for example, can be resolved, and resolved very quickly, although that does depend on further contacts that both Charlene and I have to make back home in the next couple of days. In addition to that very good progress, we have also resolved a number of important regulatory issues, and have etched out a path to the resolution of the outstanding ones. As I have said, there are important problems that remain. Our main task, in addition to resolving outstanding problems, is to persuade the other countries involved in this negotiation to either put forward offers where they have not done so, or to improve the offers that have already been put forward. I, myself, am going first to Indonesia, and then to meet a number of Asian countries in Singapore. I will

be able to say to them, that on the basis of the progress made in Kobe, there really is no reason for them not, now, quickly and rapidly to put forward new offers and to improve the existing ones. In a word, if they had been waiting for progress in Kobe, that progress has taken place, they should now come forward and join us in the last lap to success. I must be clear, that the question of a successful outcome is an open one, there are important outstanding issues that have to be resolved. In the area of maritime transport, I cannot report comparable progress, but we are equally determined to secure a deal by the date laid down of 30 June, in this case. As in the case of telecommunications, it would need to be a deal that covers international services in the area of telecoms, and here too, it has to be on an MFN basis. With regard to the areas going beyond the very short-term, we have all agreed that the negotiation of an Information Technology Agreement is clear priority for us all; that would be of great benefit to the industry. But of course, it has to be a balanced agreement, and it has to be one that gives mutual benefits. I think that it is important that it should deal not only with tariffs, but the removal of non-tariff barriers, which can be just as important. It is important as far as we are concerned. Certainly, if we are eliminating our tariffs, those that have high tariffs in other sectors would be prepared to make a contribution. Also, of course, this for us is closely related to the whole question of access to the Japanese semiconductor market. We have made it clear that we are against managed trade and against targets. But we are in favor of cooperation in this area, and in favor of an agreement. We would like to participate in an agreement at the industry level with Japan and the United States, which would be mutually beneficial on that basis. We are relatively relaxed about the form of that agreement. It could be governmental, it could be quasi-governmental, or it can be purely an industry agreement.

We think there are advantages of not making it formally a governmental agreement in that it makes it clearer the fact that targets and managed trade are not the name of the game. But we could live with any of those formulas so long as the agreement is one gives substantial access to the Japanese market, that it is non-discriminatory, and that it is fair all-round. We would be interested in participation, our industry would be interested in participation. It is clear that you can't really expect us to give up our tariffs in the ITA sector, without resolving a major problem in the important part of it represented by semiconductors. But, we haven't resolved all these issues, of course, today. We have merely reaffirmed, we have cleared the air, we have restated our relative position, and we have committed ourselves to working seriously and urgently toward making progress. We

have made progress on some of the new issues. The European Union particularly welcomes the agreement that was reached as far as making progress toward making progress toward investment because that is a matter that we regard as being the next opportunity toward liberalization of the world economy. If we can establish the rules which will give confidence to people who can invest, and to those who are in countries who are receiving investment, that can represent a great boost to the world economy. Of course, the OECD negotiations that are currently taking place are of huge importance, and we share everyone else's feeling of urgency to get them concluded. But, we can't simply expect for the rest of the world to accept an OECD agreement without being involved in the discussion on this issue. That is why we welcome the informal discussions that have already taken place at the WTO in Geneva, and we have all agreed, all four of us, that an informal WTO working group should now be set up in Geneva. Up to now, it has just been informal discussions, now we will work together to set up an informal WTO working group. That is stated in the Chairman's text, with a view to establishing a formal WTO working group at the Singapore WTO Ministerial Conference. That is real progress in bring the issue of investment into the wider multilateral context of the WTO where it belongs, but, as is said in the Chairman's Statement, without any way from detracting from our determination to reach the OECD Agreement. We also made progress on the issue of core labor standards, we have always said that these matters such as child labor and prison labor, as matters of human rights. We seek no economic advantage in advancing them. We do not regard low pay as an unfair trading practice, we regard that as the use of a natural advantage. There is legitimate concern about core labor standards, we think they have to be set primarily in the ILO, but there is a relation with trade. Of course, this is a very, very sensitive issue, we realize that it is difficult to make progress there. We would have liked to commit them to a working group to be set up at Singapore on the WTO, but we respect the fact that we were not all able to reach an agreement on that. We suggested it, but we settled for what we can agree on, which does amount to an important step forward in the recognition that there should be an agreement we have agreed to, the "should" that the relationship between trade and labor standards should be discussed at Singapore, and we should take a view as how to proceed further. On the question of competition, we also take the view that has come up the agenda. [sentence as received] We think that it can represent, competition issues can represent, an impediment to further economic relationships, and we would like to see ourselves, an international agreement

on the basic rules of competition policy. We have no ambition to set up a world competition authority, that is wholly unrealistic, but it would be possible, we believe with difficulty and over a period time, to reach an agreement on the international rules with an appropriate dispute settlement mechanism. Again, we would have preferred to go further, but we have agreed that this issued should be discussed at the Singapore Ministerial Conference. I will have to discuss there how to proceed further with its consideration. So, Mr. Chairman, both in relation to today's short-term issues and the longer term ones, this Quad has been in which real progress has been made, and once again, thank you for making that possible.

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Thank you very much. Art, please.

V. Statement by Minister for International Trade Arthur Eggleton of Canada

Minister for International Trade Arthur Eggleton of Canada: Shunpei, this has been the first Quad Meeting for three out of the four of us, and you have already got us on a first-name basis, and I want to salute your leadership in this meeting. We have had a wide range of issues to deal with, and you have helped to guide us through this agenda, and for us to make real progress in paving the road to Singapore. We are not content to stand still, to rest on our laurels, coming out of the Uruguay Round; we certainly want to ensure that all of those that are part of the WTO do implement the Uruguay Round, and that was our first message. We have communicated that today. But, we want to move on from there, and Leon has outlined a number of the areas that we have discussed, and we believe that further progress can be made acceleration of the time table for tariff reductions that came out of the Uruguay Round, further areas of reductions in tariffs, zero-for-zero arrangements, can also be achieved. The further push on trade and environment issues and the eco-labeling aspect of that is a step in the right direction, a very solid piece of work. Our efforts to expand work from the committee that is dealing with professional services they have been dealing with accountancy but indeed there are other areas that greatly effect trade opportunities, such as architecture and engineering, where a substantial amount of work can be made.

As the document which Shunpei has read indicates, there is a built-in agenda coming from the Uruguay Round, a number of items that were put together that need some rationalization, some setting of priorities, and Canada has agreed to develop a discussion paper with respect to that matter. Further need to address procurement barriers, and indeed, a mutual recognition

agreement on telecom equipment that is part of reducing the regulatory barriers to accept each other's equipment; that particular area we will be dealing with. All of these are important steps in advancing the agenda in Singapore, and Canada is quite pleased to be a part of doing that with our colleagues.

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Charlene, please.

VI. Statement by Acting United States Trade Representative Charlene Barshefsky

Acting United States Trade Representative Charlene Barshefsky: Thank you very much. I would also like to add my appreciation to Shunpei for the leadership that he has demonstrated in these meetings. The Quad has always played a key role in market opening and in market-access negotiation, and in this meeting, we have made, I think, very important progress and have continued a tradition in which the Quad members are forward-thinking, and forward-leaning. We do that so as to act as a catalyst for market-opening efforts of a reciprocal nature by our trading partners. With respect to telecommunications, the Quad has renewed its commitment that an agreement should be reached by April 30. Second, as Leon has just pointed out, the U.S. and the EU are optimistic that we have made important progress with respect to outstanding market-access issues pertaining to the schedules. Obviously we will need further consultation in our capitals, but we do believe that important progress, and rapid progress, here is possible. As the United States has said many times, we intend that our offer, which we believe to be the most comprehensive offer on the table, be matched by offers from other countries, so as to ensure genuine, mutually advantageous market-access opportunities. That is, and will remain, the United States' position. I think we have made important progress during these meetings, and we certainly leave these meetings with the expectation that all Quad members will improve their offers as a catalyst to important improvements in the offers of non-Quad members. We have also made important progress with respect to a series of pro-competitive regulatory principles that will serve as a foundation for liberalization in the telecommunications area. Further discussion here will also be needed, but clearly, important progress was made at these meetings. Ambassador Lang will be traveling from here to Singapore, and then Southeast Asia, and then to Geneva, in our quest for a successful resolution of the telecom talks by April 30. Success, of course, is by no means assured, but we will work toward that end. Also with respect to market access, there is the strong endorsement of the Quad partners for the negotiation of market-opening initiatives on an

Information Technology Agreement. This is an important step, because, after all, such an agreement is not destined to succeed unless the Quad partners act first as a catalyst, and then second, unless other countries are similarly inclined to provide broad market access in the information technology area. Last with respect to market access, we have taken decision with respect to the possible acceleration of tariff cuts coming out of the Uruguay Round, as well as related additional matters. In the new areas, let me simply point to several key items. First, there is strong endorsement of the view that the question of core labor standards should be addressed at the Singapore Ministerial and must be on the agenda of that Ministerial. Of course, core labor standards are human rights issues, but they also are issues of important economic bearing. As we keep in mind economic growth, and as we keep in mind job growth, and as we keep in mind positive economic development around the world, we believe that this endorsement with respect to core labor standards is an extremely important outcome of these talks. Second, equally important, with respect to the question of bribery and corruption, which, as we know, has a pernicious effect on market access, in as much as bribery and corruption tends to reduce the benefits of market-access commitments, and which has an extremely pernicious effect on competition true competition among the players in government procurement, we have decided that, as an initial step, an initial step, we will work toward a transparency agreement in government procurement to ensure due process, to ensure that appropriate processes are observed, explicitly as a means to help reduce corruption as an impediment to trade. Third, with respect to environmental issues, we have decided among other things that we should recommend that the Committee on Trade and Environment be made a permanent committee of the WTO. And as Art has pointed out, we have made important progress on transparency and eco-labeling, and in the review of the relationship between multilateral environmental agreements and the WTO. Last, let me say a word about WTO accession. The Quad has reaffirmed its previous commitment that it wishes to see WTO accessions be conducted in an expeditious manner, bearing in mind, however, that meaningful market-access commitments must be made. The WTO is, after all, a commercial organization. But the Quad has also agreed that the effective enforcement of intellectual property rights is necessary for confidence-building among the members, needed for WTO accession. This is an important recognition by the Quad of the critical role intellectual property rights and intellectual property protection plays for the economic well-being of all of our economies, as well as the critical role it plays in the continued creation of new forms of intellectual property, all of which deserve to be pro-

tested in all markets among WTO members and non-members alike. Shunpei, again, I would like to thank you, and I would like to thank my colleagues, Leon and Art, for a meeting in which an honest exchange of views occurred, in which disagreements were reviewed and discussed and, I think, better understood, but in which clear progress forward has been made. Thank you very much.

Mr. Shibota, director of PR Division of the Ministry for International Trade and Industry: Thank you very much. The time is already up, but we would like to entertain one brief question at the end of the press conference. Please be very brief.

VII. Possible Information Technology Agreement (ITA) and the Japan-United States Semiconductor Arrangement

Q: My question is addressed to Ambassador Barshefsky. About the Information Technology Agreement, if the United States is going to support it, that means you are no longer pursuing the renewal of the Japan-United States Semiconductor Arrangement. Isn't that correct?

Acting United States Trade Representative Charlene Barshefsky: Was that planted by MITI? That is not correct. The United States will pursue vigorously the ITA, because it is vitally important that, with respect to the information technology industries, we recognize that open market access is critical to all of our economies, to the development of new technologies in these areas, and to the rethinking of what we ordinarily ascribe as infrastructure. Years ago, perhaps infrastructure was thought of as bridges, roads, trains and the like. But infrastructure today also is dependent on technology, access to technology, and the free and unimpeded movement of technology-related goods and services around the world. So, we will pursue vigorously the ITA. As a separate matter, we will pursue a U.S.-Japan Semiconductor Arrangement. As you know, the existing Arrangement expires at the end of July this year. This arrangement, we believe, has been extremely beneficial to the world community, bearing in mind that it is an MFN-consistent agreement, and bearing in mind that it has been a catalyst to industry-to-industry cooperation of a kind that has and should serve as a model to other such industry cooperative efforts that, along with the careful monitoring by the Government of the United States and the Government of Japan, has ensured that the Semiconductor Arrangement is truly one of the great successes among the various cooperative endeavors the United States and Japan have had in the economic arena. We will, therefore, pursue an agreement to ensure that the progress made under the Semiconductor Arrangement continues to ensure

that cooperation between the Government of Japan and Government of the United States continues, and to ensure its application on an MFN basis.

VIII. Extension of the Length of the Joint Press Conference

Mr. Shibota, director of PR division of the Ministry for International Trade and Industry: Because the time is up.

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Charlene has to leave because of the flight schedule, but Leon can stay for ten more minutes?

Vice-President of the European Commission Sir Leon Brittan: Yes.

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Art, do you think you can accept ten more minutes extension? I think Ambassador Barshefsky can leave now and the three of us would stay. Ambassador Barshefsky could leave now and three of us can stay, because you have to leave now, don't you?

Acting United States Trade Representative Charlene Barshefsky: How about five more minutes?

Minister for International Trade Arthur Eggleton of Canada: Another compromise? Five minutes.

Acting United States Trade Representative Charlene Barshefsky: Five minutes is our compromise.

Minister for International Trade Arthur Eggleton of Canada: Five minutes.

Mr. Shibota, director of PR division of the Ministry for International Trade and Industry: Then, we have another five minutes for questions from the press.

IX. Protection of Intellectual Property Rights in the People's Republic of China

Q: My question is addressed to Ambassador Barshefsky. In the Quad in Kobe, what sort of exchange of views took place on the IPR in China. Particularly, I believe that, as far as the United States is concerned, when is going to be your deadline in negotiation with China, when do you think you can proceed to the next step, and what is the next step for the United States? Did you give this sort of explanation to your partners?

Acting United States Trade Representative Charlene Barshefsky: I don't believe that it is appropriate for me to discuss conversations which the Quad partners have had in our meetings. I will simply say that there is a recognition, as demonstrated by the document, that effective protection of intellectual property rights

is of critical importance to all of the countries around the world, certainly of critical importance to the Quad countries. With respect to the United States position with regard to the Chinese enforcement of intellectual property rights, we have previously stated that the Chinese have made important progress at attacking piracy at the retail level in China. Of course, it is important that those efforts continue. But, important progress has been made. Unfortunately, similar progress has not been made with respect to attacking the source of the piracy, and that is the many factories operating, particularly in Guangdong Province, which produce about 54 million pirated CDs, CD-ROMs, LDs and VCDs a year. Most of those 54 million are exported, in as much as Chinese internal consumption is quite small. This is of serious import for all countries in the world, and there is an additional concern that capacity to produce pirated product may only increase as we look ahead. We have indicated to the Chinese our grave concerns on this matter. I was in China last week for a series of meetings, and we will certainly review the situation following their response.

Mr. Shibota, director of PR division of the Ministry for International Trade and Industry: Thank you very much. One final question please.

X. Possible Time Schedule for Realization of an Information Technology Agreement

Q: My question is to Minister Tsukahara. You said that it was reaffirmed that effort would be made to realize ITA, and what is the time schedule for realization, and what do you think will be the deadline for the negotiation towards ITA realization?

Minister of International Trade and Industry Shunpei Tsukahara of Japan: Thank you very much for the question. In this Quad meeting, we had very active and intensive discussions on this matter. Certainly, there are issues Quad partners have expressed to each others so that we have a better understanding, and on top of that, we are able to agree to the matter that you have seen in the document, and as we move towards the future opportunities, we would continue to work together. Please.

Vice-President of the European Commission Sir Leon Brittan: We would like to see it as quick as possible, and we would hope that we could work further amongst the Quad partners. There are real outstanding issues, and I have mentioned the close relationship that we see between this and the resolution of the semiconductor issue. If the Semiconductor Arrangement is as beneficial as has been said, then obviously, we would wish to be involved in any future negotiations, because, if it is supposed to be on an MFN basis, we have a legitimate

interest. But, as far as the ITA is concerned, we would like to continue negotiations, and we would hope it has been our aim to widen it to the principle countries involved who are not in the Quad, and to reach an agreement before Singapore in December of this year.

Mr. Shibota, Director of PR division of the Ministry for International Trade and Industry: Thank you very much. Now, time is up, and so with this, we would like to close the joint press conference of the Quadrilateral Trade Ministers Meeting. Thank you very much.

Japan: MOFA Spokesman on Ties With DPRK, Russia, U.S.

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[News conference held by Japanese Foreign Ministry spokesman Hiroshi Hashimoto with unidentified reporters on 7 May; place not given; from the "What's New" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Introduction to the Press Conference and Announcements to the Press

A. The General Assembly of the United Nations Conference on Trade and Development (UNCTAD) in Midland, Republic of South Africa

B. North Korean Membership in the Asian Development Bank (ADB) II. Alleged Visit to Japan by a Representative of North Korea III. Position of the Government of Japan Regarding North Korean Applications for Membership in the Asian Development Bank (ADB) IV. World Cup Soccer Tournament in 2002 V. Possibility of Japan Sending Election Observers to the Russian Federation VI. Matters Relating to the Japan-U.S. Security Treaty and the ASEAN Regional Forum (ARF) VII. Trip to the Republic of Africa and the Republic of Turkey by Minister for Foreign Affairs Yukihiko Ikeda VIII. Matters Relating to the Normalization of Relations Between Japan and North Korea IX. Possibility of a Japanese Arms Purchase from the Russian Federation X. Naval Ship Exchange Visits Between Japan and the Russian Federation

I. Introduction to the Press Conference and Announcements to the Press

A. The General Assembly of the United Nations Conference on Trade and Development (UNCTAD) in Midland, Republic of South Africa:

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. The UNCTAD itself is still meeting. It will end on 11 May. The other day, on

30 April, Minister for Foreign Affairs Yukihiko Ikeda delivered a speech to the UNCTAD. I would just like to provide an evaluation of the UNCTAD so far. The Government of Japan has been endeavoring to formulate a new development strategy, and Foreign Minister Ikeda touched on this. The Japanese delegation in Midland, Republic of South Africa is now making the utmost effort to gain understanding of this strategy from the UNCTAD participants. Secondly, the Government of Japan considers reforming UNCTAD as very important, and the Japanese delegation is endeavoring to include the concept of the Government of Japan — mainly that reforms must not end with simply the saving of resources, but rather that part of the resources saved should be reinvested in activities such as technical cooperation that will truly benefit developing countries — in the Conference document. Thirdly, the Japanese side firmly believes that the UNCTAD should give priority to promoting south-south cooperation in trade and investment, and the Japanese delegation is also endeavoring to include this concept — south-south cooperation — in the Conference document. Still, we do not know how the Conference document will be prepared at the UNCTAD, but in line with what I have explained to you, the Government of Japan is making the utmost effort at the UNCTAD.

B. North Korean Membership in the Asian Development Bank (ADB):

Spokesman Hiroshi Hashimoto: At the last press conference, a question was asked about North Korean membership in the Asian Development Bank (ADB). North Korea has not applied for its membership in the Asian Development Bank at present. The North Korean membership was not discussed at the last ADB plenary session, which was just over several days ago. As for the position of the Government of Japan on this, we basically think it necessary to consult with other members of the ADB only after a formal reply by North Korea is made to the ADB. In any case, whether North Korea accepts the four-party conference is one point, and whether Japan will support North Korean membership at the ADB is another point completely.

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Alleged Visit to Japan by a Representative of North Korea

Q: It was recently reported that one of North Korea's delegation, Mr. Yi Chong-hyok, who is the vice-chairman of North Korea's Asia-Pacific peace committee, who is now visiting the United States, will come to Japan, and that the Japanese Government has approved

his coming to Japan. Is that true, and is there any information as to when and where he will be coming?

A: I commented on this at the last press conference, and the situation has not changed. In any case, even if Mr. Yi Chong-hyok comes, he will not come to Japan by the invitation of the Government of Japan. We do not understand that Prime Minister Ryutaro Hashimoto has decided to accept him as a guest of the three coalition parties.

Q: So, it might be possible that the Prime Minister has accepted that?

A: No. The Social Democratic Party has received information from North Korea, that North Korea wants to bring someone to Japan. But, Prime Minister Hashimoto has not approved of accepting him as a guest of the three coalition parties.

Q: So, he has not?

A: He has not.

III. Position of the Government of Japan Regarding North Korean Applications for Membership in the Asian Development Bank (ADB)

Q: As regards the membership of North Korea in the ADB, does Japan, in principal, in general terms, basically support the idea of membership, or is it supposed that it is difficult to decide on the issue just now?

A: When North Korea has not applied for membership, it is extremely difficult for us to tell you our position. Instead of directly replying to your question, I would just like to remind you of the history of the applications for membership to the ADB by North Korea. In 1992, North Korea officially applied for membership in the ADB. The ADB itself, at that time, considered the application to be too premature. Since that time, it seems that every now and then, North Korea unofficially contacted someone at the ADB and sounded out the possibility of gaining membership to the ADB. But recently, North Korea has not contacted the ADB on this. Therefore, it is extremely difficult for us to say anything concrete on this question.

Q: So, we can understand that Japan is not opposed to this idea?

A: What I can say is that the Government of Japan is not in a position to say yes when North Korea is not applying for membership in the ADB. For the time being, we do not want to speculate on what the position of the Government of Japan will be when North Korea really decides to apply for membership.

IV. World Cup Soccer Tournament in 2002

Q: Last week, the Prime Minister of the Republic of Korea made some remarks about the 2002 soccer World Cup, and said that it might be acceptable for the Republic of Korea and Japan to host the Cup jointly. I understand that Foreign Minister Ikeda made some remarks about this today. Could you tell us what the position of the Government of Japan is on this question?

A: The position of the Government of Japan is that we do not consider that the Republic of Korea has changed its fundamental policy to host the World Cup Soccer Tournament in the Republic of Korea in 2002. And, the Government of Japan has not changed its fundamental policy. We will invite the World Cup Soccer Tournament to Japan in 2002. What Foreign Minister Ikeda told Japanese journalists today is that this issue should be handled by the Federation of International Football Associations (FIFA). Unless the FIFA revises its regulations, the Government of Japan continues to support the Football Association of Japan to invite World Cup soccer to Japan. This is basically what he said to Japanese journalists today.

Q: He was quoted on the KYODO wire as saying it would be another story if there were any specific move to change the FIFA rules about one country hosting the competition. Does that mean that Japan supports, in principle, the idea of a joint World Cup, and that only the rules are stopping it?

A: I do not think so. What Foreign Minister Ikeda wants to stress is that this matter should be handled by the FIFA, and that the Government of Japan should continue to support the Football Association of Japan, so far as the present rule continues. He did not hint that the Japanese side will support the FIFA's possible change of attitude.

Q: If there was an initiative to change the rules to allow more than one country to be the host, would the Government of Japan take a position on that? Would it support that?

A: I do not think so. No.

V. Possibility of Japan Sending Election Observers to the Russian Federation

Q: On the situation in Russia, the presidential elections are supposed to be held in Russia next month. During the last parliamentary elections, the G-7 countries, including Japan, sent a group of observers to the country. Is Japan planning to send observers next month to monitor the presidential elections in Russia?

A: I am not aware that the Government of Japan has received an invitation from the Russian Federation on

this. If the Government receives an official invitation, I am sure that it will consider the possibility. But so far, I do not know when and how the Russian Federation will send an invitation to Japan.

Q: I understand that it is up to the Russian side to decide, but would Japan support the idea of sending G-7 country observers to the elections, or does Japan consider it not very — well, a bottom issue?

A: I am not prepared to answer your question today. I will find out what the position of the Government of Japan is on this and get back to you. In any case, what I would like to stress here is that the Government of Japan sincerely hopes that the presidential elections will take place in a really democratic manner. And, if the Russian Federation invites the G-7 countries to send delegations to observe the election, I am sure the Government of Japan will consider this. But again, in June, the Diet Session may still last, and we do not know how the Parliament of Japan will respond to such a request.

Q: Presently, there were reports that the chief of the Russian security service stated that it would be better to postpone the presidential elections in Russia. Could you comment on this?

A: I understand that President Boris Yeltsin of the Russian Federation has himself rejected that idea. We think the presidential elections should take place as scheduled.
VI. Matters Relating to the Japan-U.S. Security Treaty and the ASEAN Regional Forum (ARF)

Q: Later this week, I understand there is going to be a working-level meeting of the ASEAN Regional Forum, and that this is going to be the first such meeting after the 17 April Japan-U.S. Security Declaration has redefined the Japanese role in the region. What does Japan plan to propose at that meeting?

A: I do not know exactly what the position of the Japanese delegation will be at the Meeting. The main purpose of the ASEAN Regional Forum (ARF) is to determine how to increase the transparency of military-related matters. I am sure that if Japan is requested, it will explain to its colleagues about the recent Japan-U.S. summit. At the same time, I would like to just correct what you said. I do not think that the Japanese side or the United States side has redefined the role of Japan in the Asia-Pacific region this time. We think that the main objectives of the Japan-U.S. Security Treaty continue to be the same. But, in the post-Cold War era, it is necessary for the two governments to emphasize to the publics of Japan and the United States the importance of the Alliance between the two countries. We will continue to endeavor to get the understanding of the general public. In this sense it is natural for the Japanese

side to explain to its colleagues in the Asian region the essence of the agreement reached between Prime Minister Hashimoto and President William Clinton of the United States of America.

Q: You have just mentioned that how to increase transparency on military-related matters is a very important issue. In this field, would you expect the Government of Japan to make some stronger proposal than it did in the past?

A: If you do not mind, I will consult my colleagues, and at the next press conference we will give you an answer on this. We will also provide an answer to the question on Russian presidential election observers. I simply cannot tell you the position of the Government of Japan on these matters right now.

Q: Thank you.

VII. Trip to the Republic of Africa and the Republic of Turkey by Minister for Foreign Affairs Yukihiko Ikeda

Q: Foreign Minister Ikeda has just finished his trip to some African countries. Can you tell us what the meaning or the main goal was for his trip?

A: For the past 12 years, a Japanese foreign minister had not visited an African country. Foreign Minister Ikeda, making use of the opportunity to participate in the UNCTAD, visited the Republic of South Africa, and met many foreign ministers at the UNCTAD. He considers the dialogue to be very important and very fruitful, especially, as I explained at the outset of this press conference, he made public the fundamental position of the Government of Japan toward the UNCTAD. At the same time, he announced the Japanese foreign policy package toward Africa. On his way back to Japan he also visited the Republic of Turkey. Today, Foreign Minister Ikeda said in his press conference that he was very much pleased with the results of his mission this time, and that he would like to strengthen friendships with those countries in Africa and Turkey.

VIII. Matters Relating to the Normalization of Relations Between Japan and North Korea

Q: Foreign Minister Ikeda, while he was in South Africa and also this morning, stressed the importance of the four-way meeting suggested by the Republic of Korea and the United States on stability on the Korean peninsula. Does this mean that the attitude of North Korea toward this four-way meeting will affect the speed of normalization talks with Japan and North Korea?

A: We have not received any concrete evidence that the North Korean authorities have changed their attitude toward Japan. For example, on the four-party conference, in fact, North Korea did not reply to the United States or to the Republic of Korea with anything concrete. We still have to wait and see what their response will be. Japan is still not in a position to go ahead with normalization talks with North Korea, taking into consideration the moves by North Korean authorities, including the recent violations of the Armistice Agreement. So, we just have to wait. But, as Foreign Minister Ikeda said, we fully support the idea of the four-party conference.

Q: Yesterday, U.S. ASIA reported, quoting foreign minister Kim Yong-nam of North Korea, that talks between Japan and North Korea are going very well, and that twice there have recently been cross-meetings in Beijing. Is there anything on this you would like to comment on?

A: The fundamental position of the Government of Japan is that if you talk about an informal contact between Japan and North Korea, we do not make a comment on the individual case. However, as I said, the Government of Japan is still not in a position to go ahead with normalization talks with North Korea. We have to just wait and see what will happen, including the four-party conference.

Q: So, does your comment mean that what they reported, that they had a meeting in Beijing in the latter part of April, is not true?

A: As I said, the Government of Japan does not intend to make a comment on this. However, we do not know actually what he has in his mind.

IX. Possibility of a Japanese Arms Purchase From the Russian Federation

Q: It has been reported that the Director-General of the Defense Agency of Japan has discussed the possibility of Japan buying weapons — sophisticated fighters — from Russia during his visit to Russia.

A: I do not think that Director-General of the Defense Agency Hideo Usui stated that Japan is interested in buying weapons from the Russian Federation.

Q: So, Japan is not going to buy?

A: No. The Japanese side is very happy to upgrade the talks and exchanges of information between the Russian Ministry of Defense and the Defense Agency. However, the Ministry of Foreign Affairs does not think that the Defense Agency is contemplating buying Russian arms.

Q: So, Japan is not interested?

A: The Defense Agency is interested in exchanging information. That is the main purpose — to continue to have contact at high levels between the two ministries — but I do not think that the Government of Japan is now interested in buying Russian weapons.

X. Naval Ship Exchange Visits Between Japan and the Russian Federation

Q: As regards the reforms in Russia and Russian-Japanese future military cooperation, does Japan have any definite plans concerning the exchange of visits by navy ships between Russia and Japan?

A: Yes. Minister of Defense Army General Pavel Grachev of the Russian Federation formally asked Defense Agency Director-General Usui to send a Japanese Maritime Defense Agency fleet to Vladivostok to participate in the commemoration of the 300th anniversary of the establishment of the Russian fleet which will be on 28 July. But, as you know, we have had Golden Week, and still the Government of Japan has not decided when or how it will respond to this. Defense Agency Director-General Usui responded that he would positively study the possibility, but the position has not changed since that time.

Q: When is the decision supposed to take place?

A: I cannot tell you when, because it is up to the Defense Agency. The Defense Agency has to consult with the relevant ministries and with the Prime Minister, and so on. So, in due course, we hope that the final answer will be given to the Russian Federation. Thank you very much.

Japan: Foreign Ministry on Policy Toward Russia

OW0905000296 (Internet) Japanese Ministry of Foreign Affairs WWW in English 8 May 96

[Foreign Ministry press release on Japan's Policy on the Russian Federation issued on 8 May; from the "What's New" link]

[FBIS Transcribed Text] Japan's Policy on the Russian Federation

1. Basic Objectives

The basic objectives of Japan's policy on Russia are to make the utmost efforts to resolve the Northern Territories issue, thereby concluding a peace treaty and fully normalizing relations with Russia, and to provide appropriate assistance for the reform efforts of Russia in coordination with the international community.

A new basis for the future development of relations between Japan and Russia was established by the visit to Japan by President Boris Yeltsin in October 1993

when the Tokyo Declaration was signed. Japan has been working since then to enhance relations with Russia, both political and economic, through a series of political dialogues. These include the March 1994 visit to Russia by then- Deputy Prime Minister and Minister for Foreign Affairs Tsutomu Hata, a visit to Japan in late November 1994 by Russian First Deputy Prime Minister Oleg N. Soskovets and a visit to Japan in early March 1995 by then-Russian Minister of Foreign Affairs Andrei V. Kozyrev. Most recently, Japan's Minister for Foreign Affairs Yukihiko Ikeda visited Russia last March to meet President Yeltsin, Foreign Minister Primakov and First Deputy Prime Minister Soskovets. In these talks, Japan and Russia have repeatedly reaffirmed their stance to advance bilateral relations based on the Tokyo Declaration, as well as the commitment of the Russian Government to the reform process, and the intention of Japan to continue assistance as long as Russia's reform process continues.

2. Political aspects

(1) On the occasions of various high-level talks with Russia after the visit to Japan by President Yeltsin in October 1993, Japan has been seeking progress toward resolution of the territorial issue, based on the Tokyo Declaration. During Foreign Minister Ikeda's visit to Russia last March, President Yeltsin and Foreign Minister Primakov reaffirmed the Tokyo Declaration and clearly reconfirmed that the bilateral relation be developed on the basis of the Tokyo Declaration. It is all the more necessary to continue tenacious efforts to resolve the territorial issue, especially in view that this year will mark the 40th anniversary since the resumption of state relations of both countries by the Japan-Soviet Joint Declaration signed in 1956. We are firmly convinced that the solution of this issue would contribute greatly to the peace and stability of the Asia-Pacific region.

(2) In order to create an appropriate environment for negotiations toward solving the territorial issue, since 1992 Japan has begun mutual visits without passport and visa of Japanese citizens and Russian inhabitants of the Northern Territories. Over the ensuing four-year period more than 2,300 people from both sides have taken advantage of this exchange program, making a remarkable impact on the promotion of mutual understanding. Following the Foreign Ministerial Meeting in March 1996, exchanges for the current fiscal year began in April on an expanding scale agreed by both countries.

(3) President Yeltsin announced during his visit to Japan that Russia would withdraw all military troops other than border troops from the Northern Territories. Foreign Minister Primakov explained to Foreign Minis-

ter Ikeda that the present number of Russian military troops on the Northern Territories is 3,500 and no military troops on the Shikotan Island. Japan welcomes that withdrawal has been in progress in accordance with the statement of President Yeltsin. We believe that the complete withdrawal of Russian military troops would be an important contribution to creating an appropriate environment for the resolution of the territorial issue.

(4) Japan also attaches importance to security dialogue and exchange with Russia as a confidence-building measure, which include Japan-Russia policy planning talks, defense scholars exchange, Agreement on the prevention of incidents at sea beyond territorial waters and the air space above them, Visit to Russia by Director-General, Bureau of Defense Policy of Japan's Defense Agency in November 1994 and Trilateral Forum on North Pacific Security by Japan, Russia, and the United States (Its first round of meetings were held in 1994 and 1995).

Foreign Minister Ikeda and Foreign Minister Primakov agreed upon Ministerial level exchanges between Japan's Defense Agency and Russia's Defense Ministry. We believe that exchanges in this area promote mutual trust and understanding.

(5) Fishery framework negotiations in the territorial waters of the Four Islands

When Russia's First Deputy Prime Minister Soskovets visited Japan in November 1994, both sides shared the view on the necessity of creating a framework to ensure a stable fishery order in the territorial waters of the Four Islands and agreed on starting negotiations to achieve a mutually acceptable agreement on this issue. Since then, five rounds of negotiations have been held in March, May, August, December 1995 and February 1996.

The negotiations have difficult aspects as this issue relates to the territorial question. Nevertheless, the success of the negotiations would give a significant meaning for the development of Japan-Russia relations. Japan intends to continue utmost efforts to attain an appropriate framework as early as possible, with the basic stance that neither side's position should be undermined by any means.

3. Economic Aspects

Due to continuing non-payment of uninsured trade debts and inadequate legal and taxation systems in Russia, there is little economic activity between Japan and Russia. Conditions for trade and investment between the two countries need to be improved in order to stimulate private-sector economic activity.

At the visit to Japan by Russia's First Deputy Prime Minister Soskovets in November 1994, it was agreed in principle to establish Japan-Russian Federation Inter-Governmental Commission on Trade and Economic Problems. The aim of the Commission is to deal with a high level cabinet member who supervises various economic ministries responsible for the above-mentioned issues. Three Sub-Commissions were set up in order to prepare the first meeting of the Commission and were held in Moscow in 1995; Sub-Commission on improvement of conditions for the development of bilateral trade and economic relations; Sub-Commission on the questions of assistance to the implementation of market economic reform in Russia; and Sub-Commission on economic relations with Russia's Far Eastern region.

The 1st meeting of the Commission was held between Foreign Minister Ikeda and First Deputy Prime Minister Soskovets in March 1996. They adopted the Joint Report prepared by the three Sub-Commissions which includes concrete proposals for enhancing the economic relations between the two countries.

At the meeting of the Commission, Japan also confirmed its policy of attaching importance to strengthening relations with Russia's Far Eastern region. Discussions are already underway on a number of projects in the region, such as development and production of oil and natural gas on the Sakhalin continental shelf and Far Eastern forestry resources development.

4. Japan's Assistance to Russia

The outcome of reforms in Russia toward democratization, a market-oriented economy, and foreign policy based on law and justice will have tremendous significance for the countries of the former Soviet Union and indeed the entire world. Japan also provides appropriate assistance to Russia's reform in coordination with other countries. Japan wishes to promote its relations with Russia based on the approach of "balanced expansion," in which both political and economic aspects, including assistance, of the relations are to be expanded by giving positive effects with each other.

Technical Assistance Japan Centers were opened in Autumn 1994 at the Plekhanov Economic Academy in Moscow and in Khabarovsk. Japanese instructors pass on Japanese experience and skills in such areas as Japanese-style management, privatization of industry and Japanese language, through a range of courses designed for those involved in the market economy. Two more Japan Centers were set up during FY1995, at Moscow State University and in Vladivostok.

Similarly, Japan has been supporting human resources development through personnel exchanges since 1991.

During 1994, Japan hosted visits by some 300 representatives from central and local governments, private enterprises and academic institutions in Russia, and also sent about 130 Japanese consultants to Russia.

Japan is also supporting small and medium private-sector enterprises in the Far East region and eastern Siberia through the US\$50 million Regional Venture Fund (RVF) in conjunction with the European Bank for Reconstruction and Development (EBRD). The Fund is used mainly to finance capital investments in Russian private industry through equity finance and to provide skills and know-how related to implementation of capital investments.

Humanitarian Assistance The transition from the old regime has generated a number of economic and social problems in Russia. Japanese humanitarian assistance has been provided primarily in the form of monetization of food products (selling food products at less than the market price and using the resulting revenue for financing welfare facilities and other social security projects) and provision of medical equipment and supplies. Russia received roughly US\$150 billion in grant aid from Japan between 1992 and 1994.

When the heavy earthquake took place on the northern part of Sakhalin in May 1995, Japan decided to provide humanitarian assistance amounting to 125 million yen and delivered assistance to Sakhalin over six times. Japan also received 4 Russian children to a Japanese hospital who were seriously injured by the earthquake for rehabilitation treatment.

Safety in the nuclear power industry Bilateral assistance under the Russia-Japan Joint Program helps to enhance safety in the Russian nuclear power industry, mainly through international seminars on nuclear safety, training and instruction, and joint technical projects (the applicability test on a leak detection system for RBMK, and technical cooperation for a nuclear power plant training center).

Japan also contributes to multilateral assistance projects. Examples are support for reinforcement of safety authorities through the Nuclear Energy Agency (NEA) of the Organization for Economic Co-operation and Development (OECD), and safety evaluations of nuclear reactors built by the former Soviet Union by the International Atomic Energy Agency (IAEA).

Japan's assistance to Russia regarding Russia's accession to the World Trade Organization (WTO) Russia's participation in the multilateral free trading system is important for the international community. In particular, Russia's accession to the WTO is desirable from the perspective of integrating the Russian economy into

the market economic system. In response to Russia's requests, Japan has been assisting Russia by way of sending a mission of Japanese experts to Moscow and inviting Russian experts for a seminar in Japan, so that Russia will promote domestic reforms to bring its economic system in line with the WTO Agreement, and meet the requirements for acceding to the WTO.

Loans from the Export-Import Bank of Japan and trade insurance Japan has also pledged roughly US\$4 billion in loans from the Export-Import Bank of Japan and trade insurance, chiefly as support for communications, energy industry, small and medium enterprises and transportation.

Debt repayment rescheduling under April 1993 and June 1994 Paris Club agreements between creditor countries and Russia regarding rescheduling of debt repayments from Russia, Japan has concluded bilateral agreements to reschedule approximately US\$800 million in 1993 and US\$300 million in 1994, respectively.

Japan: PRC's Concern Over Japan-U.S. Security Ties Viewed

OW0905112796 Tokyo *NIHON KEIZAI SHIMBUN*
in Japanese 8 May 96 Morning Edition p 2

[Editorial: "Updating of Japan-U.S. Security Ties and Direction of Relations With China"]

[FBIS Translated Text] China is exhibiting considerable wariness of the Japan-U.S. accord to open full-scale studies on defense cooperation in case of emergencies in the Far East. In the process of studying tangible cooperation measures, Japan should consider the future direction of its China policy.

"The Japan-U.S. security treaty has apparently been changed by the summit agreement," a Chinese reporter in Tokyo noted. The Chinese Foreign Ministry spokesman did not make such a candid comment, but said the Japan-U.S. security treaty should not exceed its sphere as a bilateral defense cooperation pact. China's position is that extended coverage of the security treaty would just complicate the regional situation. In particular, China is nervous about the Taiwan issue, saying "it is a domestic affair, and no foreign intervention is tolerable."

The Japan-U.S. security treaty was concluded as a precaution against emergencies in the Far East (Article XI) in the first place. Japan and the United States have to improve functions and upgrade the extent of bilateral security cooperation because peace and stability are not yet in perfect shape in the Far East region. The two nations were supposed to thoroughly discuss such issues earlier.

On the other hand, we must not forget that the political and economic situations in the Far East have changed since the end of the Cold War which was underlined by U.S.-Soviet confrontation. Even though Japan and China are not perfectly in accord, that does not mean we can define China as a potential enemy to replace the former Soviet Union.

Japan-China Economic Ties Expanding

Taking into account recent expansion of Japan-China economic relations, antagonism against China is apparently a wrong choice. The total amount of Japan-China trade in 1995 (calculated on the basis of customs clearance in Japan) was 52 times larger than that in 1972, when the bilateral diplomatic relations were normalized. In line with China's open-door and reform policy, Japan's investments in China since 1972 reached \$10 billion in 1995 (according to an estimate by the Chinese authorities). The amount of official development assistance (ODA) exceeded 1.5 trillion yen in 1993.

Economic relations with China are also expanding in the United States. U.S.-Chinese trade (based on China's customs clearance) exceeded \$40 billion in 1995, and the total amount of U.S. investments as of 1995 was larger, although only by a small margin, than that of Japan.

The United States has taken into consideration the fact that it does not want to upset China with the new security accord with Japan. Year-by-year extension of the most-favored-nation [MFN] treatment for China is always a political controversy in the United States. This year, the Congress is expected to strongly oppose the MFN extension in connection with China's missile exercises in the Taiwan Strait; however, the Clinton Administration has already announced the government's decision to extend the MFN treatment. Also, the United States did not forget to invite China to the quadrilateral talks proposed for bettering the Korean Peninsula situation.

The United States and China have many unsettled problems in their bilateral relations. In recent foreign ministerial talks in The Hague, the two nations failed to reach accord on human rights issues and China's nuclear technology exports to Pakistan.

Yet, U.S. policy on China basically seeks engagement, rather than containment, of China in the international community. Japan-U.S. security cooperation is still the axis of U.S. strategy for Asia, but we must pay attention to the fact that the United States is now seeking a multilayer safeguard mechanism through cooperation with China and multilateral security framework.

Mutual Confidence With China Should Be Rehabilitated

Geopolitically, Japan has a role as a mediator between China and Western nations. When China was isolated from the international community following the 1989 Tiananmen incident, Japan took the initiative in rehabilitation of China ties. However, Japan-China relations are not quite smooth over such issues as China's nuclear tests, and Japan's wartime wrongdoings.

The Council of Chinese and Japanese Nongovernmental Personages held a meeting in Beijing in April for the first time in the last six years. At the meeting, Chairman Sun Pinghua of the China-Japan Friendship Association expressed his concern over the status quo of Japan-China relations, saying: "Exchanges between Chinese and Japanese nongovernmental personages have become almost inactive over the last couple of years, and this is making mutual understanding at the political-level more difficult." We completely agree with his opinion.

Needless to say, Japan should make necessary advice to China. But what the two nations have to do right now is to rebuild mutual confidence. Japan and China must have bilateral dialogue as much as possible to understand each other, and to narrow the gap between them. Also, Japan is supposed to assist China in the ASEAN regional forum and other multilateral mechanisms so that China can play a constructive role in the peace and stability of the region.

In future security talks, Japan and the United States will study tangible measures for defense cooperation to cope with Far East emergencies. Japan should take necessary action within the constitutional framework; however, the Japan-U.S. pact should not irritate or push China too much.

Japan: LDP Member Cites PRC Official on Possible Korean Conflict

OW0905115896 Tokyo KYODO in English
1112 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — A Chinese expert on foreign affairs has warned that a "limited, accidental military conflict" might take place between North Korea and South Korea, a Liberal Democratic Party (LDP) lawmaker said Thursday (9 May).

Yoichi Tani, a House of Representatives member, said Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, issued the warning in a meeting with him in Beijing on May 2.

Liu, a former diplomat, said he does not see any possibility for North Korea to go to war against the

South, but the lack of trust between the two countries is a problem, according to Tani.

Liu also predicted that North Korea's de facto leader Kim Jong Il may assume the posts of general secretary of the Workers Party of Korea and the presidency of the nation after July, the month that marks the second anniversary of the death of his father, Kim Il-song, who held the two top posts.

Concerning China's food assistance to North Korea, Liu said Beijing's aid to Pyongyang is limited, and that a country, as a principal rule, has to help itself when it is in trouble, Tani added.

Japan: Tokyo, Seoul Begin Fishery Negotiations 9 May

OW0905023896 Tokyo KYODO in English
0117 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Japan and South Korea began negotiations Thursday [9 May] to review their bilateral 1965 fishery treaty in connection with the United Nations Convention on the Law of the Sea.

Japanese Foreign Minister Yukihiko Ikeda and South Korean Foreign Minister Kong No Myong agreed on the bilateral fishery talks when they met in South Africa last week.

Tokyo and Seoul have agreed to keep the fishery negotiations separate from a territorial quarrel over a group of small islands in the Sea of Japan known as Takeshima in Japan and Tokto in South Korea.

The U.N. convention, which Japan and South Korea are scheduled to ratify later this year, allows nations to apply a 200-mile exclusive economic zone around their territory.

Japan's plan to include the islands in its 200-mile zone has sparked outrage in South Korea.

Japan: Tokyo, Seoul To Continue Fishery Talks

OW0905102896 Tokyo KYODO in English
0953 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Japan and South Korea will continue negotiations Friday [10 May] to review the 1965 fishery treaty in connection with the U.N. Convention on the Law of the Sea, Japanese officials said Thursday.

On the first day of the closed-door session Thursday, the two countries appear to have made clear their basic positions on the review of the fishery pact.

Foreign Minister Yukihiko Ikeda and his South Korean counterpart Kong No Myong had set Thursday as the

day for start of the bilateral talks when they met in South Africa last week.

Tokyo and Seoul have agreed not to link the just-started fishery negotiations to a territorial quarrel over a group of islets in the sea of Japan.

The U.N. Convention, which Japan and South Korea are scheduled to ratify later this year, includes application of a 200 nautical-mile exclusive economic zone.

Japan: Trial Starts on Korean Forced Labor Compensation Case

OW0905113996 Tokyo KYODO in English
1030 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — A group of relatives of Koreans forced into labor in Japan during World War II appealed Thursday [9 May] for payment of what they say are the workers' unpaid wages.

Five of the 11 Korean plaintiffs testified at the first hearing on the case in Tokyo District Court, presided over by Judge Yasushige Hagio.

The plaintiffs are seeking unpaid wages from Nippon Steel Corp. and the Japanese Government, claiming that their relatives were forced to work without being paid properly at a steel factory run by the wartime predecessor of Nippon Steel.

A representative for Nippon Steel said the company has no duty to take over the predecessor's debts.

The government filed papers urging the court to dismiss the suit, claiming the legal grounds for the case are unclear.

Japan: Hashimoto 'Cannot Understand' Apology to Comfort Women

OW0905112396 Tokyo KYODO in English
1018 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The government has not decided whether to issue letters of apology from Prime Minister Ryutaro Hashimoto to Asian women forced to provide sex for Japanese soldiers before and during World War II, a top government spokesman said Thursday [9 May].

"Common sense tells us the government should make some expression of its intent when the Asian Women's Fund extends condolence (money) to individuals," Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

"But we will not be sure of the specific wording until we fine-tune it," he said.

He made the comment in connection with Prime Minister Ryutaro Hashimoto's remarks earlier in the day in a session of the House of Councillors Budget Committee.

Hashimoto said he does not think the issue should be settled by only sending money to the former "comfort women," saying there are various ways to deal with the matter.

Responding to a demand at the budget panel by Shoji Motooka, a member of the opposition bloc Shin Ryokufu Kai, that the government issue letters of apology along with payments planned by the fund to the former sex slaves, Hashimoto said, "I cannot understand what you mean by 'apology'."

The government-motivated "private" fund was inaugurated last summer to compensate former comfort women, but many of the women and their supporters have criticized the fund as a way for the government to avoid officially apologizing to and compensating the women.

Up to 200,000 women, the majority from the Korean peninsula, then under Japanese colonial rule, are said to have been sent by force to brothels maintained for Japanese troops.

Tokyo Welcomes South African Constitution

OW0805115896 Tokyo KYODO in English
1046 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 KYODO — Japan welcomes South Africa's adoption of a new postapartheid constitution, Foreign Minister Yukihiko Ikeda said Wednesday [8 May].

Tokyo hails Wednesday's adoption of a new constitution by South Africa's Constitutional Assembly, Ikeda said in a statement, adding that the development is a milestone in the country's two-year-old democracy.

The fresh blueprint for South Africa is the product of a last-minute compromise between President Nelson Mandela's African National Congress and other parties.

Ikeda, who paid an official visit to South Africa last week, also pledged Japan's further efforts to boost bilateral relations in a wide range of fields.

Japan: Foreign Press Center Chief Comments on Foreign Media

OW1603154496 Tokyo DRC in Japanese 1 Feb 96
pp 29-31

[Article by Fumio Kitamura, managing director, Foreign Press Center, Japan: "Foreign Mass Media's Reporting on Japan; Pursuing Clear Information"]

[FBIS Translated Text]

Mutual Understanding Influenced by Images

One of the topics most passionately discussed issues for some time now in Japan has been "internationalization." Numerous books, television programs, and meetings throughout the nation have a title with the term internationalization in it. The key word "internationalization" is rife in every nook and cranny of our country.

I think that this phenomenon shows the desire of Japanese to assume a position of responsibility in international society and to make international contributions appropriate for an economic power.

However, in promoting internationalization or international exchange, this alone is not the conclusive factor. Only through continued, accumulated efforts to achieve mutual understanding can there be built little by little a basis for friendship and cooperation among nations. That is to say, mutual understanding activities do not always run level and true. There is thus a tendency to become enmeshed in misunderstanding and prejudice. Interaction among nations closely resembles that among individuals. We begin with a preconceived image of our opposite, judging his words and actions in terms of this image. Put simply, our opinions tend often to go to extremes. We react totally differently to the same statement depending on whether we have a favorable or negative image of the speaker. For example, "After all, those words came from such an honest person," or "It is coming from him, so that statement should be treated with suspicion." That is the way things often are in this world.

Therefore, in order to have other nations understand Japan without distortion, we must continue unceasingly our efforts to create a balanced image of Japan's true portrait.

It doubtless goes without saying that the mass media, which disseminates information of all sorts about Japan, plays a definitive role in creating the image of Japan that forms the basis for exchanges. Specialists in Japanese studies or those responsible for negotiations with Japan no doubt possess very broad knowledge about this country, but the general public constituting public

opinion within a given country obtains nearly all of its information about Japan from the mass media. Government negotiations on outstanding political and economic problems are greatly influenced by the feelings towards Japan of the general public in the other country and the way they view us. Those involved in the negotiations are frequently constrained by public sentiment and at times even use it as ammunition in the talks.

The Foreign Media in Tokyo

Now, how does the foreign mass media cover and report news about Japan? It is surprisingly not known that Tokyo has become a world-class news dissemination point. There are 295 foreign news organizations with offices in Japan. Working in these organizations as of 20 January 1996 were 425 foreign correspondents and 302 Japanese, a total of 727. Although that figure is down by about 10 percent compared to several years ago at the height of the bubble economy, with more than 700 members of the foreign press Tokyo and its environs has the third largest contingent of journalists working for foreign news organizations in the world after Washington and New York.

The foreign press can be said to be the mirror reflecting the situation in Japan to the outside.

If the reflective mirror is small, the image of Japan shown in it will be confined to the political and economic centers of Kasumigaseki, Otemachi, and Kabutocho. As the size of the mirror increases, more and more of the myriad events occurring in Japan are going to be reflected clearly in it. Here it should be noted that the foreign press does not confine itself to reporting issues related to politics, foreign affairs, or economics. It has, for example, given detailed coverage to the Aum Shinrikyo affair. It has also shown considerable interest in numerous other topics, including bullying in elementary and junior high schools, and the fondness of TV commercials for using Caucasian models.

That Tokyo, which by international terms has a very high cost of living, should have so many resident foreign correspondents goes to show that today the existence of Japan looms large in the minds of people in foreign countries. We Japanese must first clearly recognize the reality of "a Japan that looms large" when we are viewed from the outside. Moreover, foreign countries expect behavior appropriate to this large existence. In that sense, due to the existence of this foreign press corps, the world can keep an eagle eye on what is happening in Japan, this economic great power.

Two Sources of Dissatisfaction for the Foreign Press

In order to have an accurate image of Japan in foreign countries, it is important that we create an environment in which foreign press coverage of Japan will proceed smoothly. Creation of such an environment really boils down to increasing the degree of openness and transparency in Japanese society. If a given society is socially closed and nontransparent so that it is difficult to confirm facts, then it will be difficult for reporters to cover it. In such cases, the articles or programs that journalists prepare will come to be dominated by their subjective points of view and apprehensions. That in turn would inevitably result in distorted information giving rise to false images of Japan overseas.

In my experience through working at the Foreign Press Center, a foundation that supports coverage of Japan by the foreign press, there are two major sources of dissatisfaction among my friends in the foreign press. First, are the "press clubs" that are a major focus for news coverage by the Japanese mass media. For a long time, membership in the press clubs was not open to the foreign press. It goes without saying that the ministries and agencies of the central government, major economic organizations, and other such groups are first-class news sources. Because the doors of the press clubs were closed to non-Japanese journalists, the foreign press suffered a major handicap when it came to getting close to news sources in Japan. The "press clubs" had an infamous existence among the foreign media as a form of "nontariff barriers."

Fortunately, starting with the Kasumi Club at the Foreign Ministry, a number of press clubs have decided to open their doors to regular membership by foreign mass media organizations. This in turn has served to extinguish considerably the dissatisfaction among the foreign press regarding what it previously considered discrimination in the way that Japanese and foreigners were treated.

The second cause of ire among the foreign press is the gap they perceive between the quality of news information available in Japan and the news the mass media from Western nations (especially the United States) demand. The Tokyo bureau chief of one top-flight U.S. newspaper has complained that the news stories reported in Japan's mass media "often do not clearly attribute their news sources." Another complaint is that "they lack the habit of showing that statements by news sources are direct quotations through the use of quotation marks." He adds that in the United States unless a news article conformed to these two rules "an editor would kill it without a shadow of a doubt."

The elite media in the United States as a matter of course cut the parts of news articles that are unclear and earnestly try to make the content of news as clear as possible. So, in dealing with news sources, it seeks to have as much news material as possible revealed. Of course, it is impossible to make public all the facts that the mass media seeks. Nevertheless, it is impossible to deny that in comparing news coverage in the United States and Japan, in the former the amount of coverage based on undisclosed understandings with news sources is comparatively smaller.

In some instances, events in Japan that had not appeared in the Japanese mass media have been reported abroad by the foreign press, with reports initially published in New York or Washington then transmitted back to Japan to become big news here for the first time. In fact, this has happened on any number of occasions. This distinctive, curious phenomenon in Japan is no doubt somehow related to the two sources of dissatisfaction in the foreign press that I alluded to earlier.

In order to create a good environment for the foreign press's Japan coverage, the Japanese mass media will have to come to grips with self-reform.

Japan: Finance Ministry Says No Change in Economic Policy

OW0905091596 Tokyo KYODO in English
0849 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Vice Finance Minister Tadashi Ogawa said Thursday [9 May] there is no change in Japan's economic policy stance despite market rates showing an upward trend.

"There is no change in the government's economic assessment and its economic policy stance," Ogawa said at a news conference.

"The government will continue to steadily implement its policy of ensuring moves toward economic recovery," he said.

Ogawa avoided commenting on the recent upward trend in market rates, only saying the rates reflect the various opinions of market participants.

Japan: Deregulation, Strong Yen Boost Imported House Sales

OW0905084596 Tokyo KYODO in English
0811 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Houses built with North American and European wood are gaining in popularity in Japan, backed by government deregulatory measures and the strong yen.

Major home builders in Japan and even smaller builders outside major cities are entering the market, expecting a further rise in demand for the houses, industry sources said.

"We've received far more orders for imported houses than we had expected," said an executive manager at Sumitomo Fudosan Home Co., a Tokyo-based home builder affiliated with Sumitomo Realty and Development Co.

The Construction Ministry said a total of 4,575 imported houses were built in Japan in fiscal 1995, which ended March 31, for a 2.6-fold increase from two years before. And there are now more than 200 builders dealing in imported houses in Japan, it said.

Sumitomo Fudosan began offering imported houses last fall, with prices ranging from 8.9 million yen to 15.79 million yen per unit. The figures break down to between 290,000 yen and 450,000 yen per 3.3 square meters.

It also began marketing in April another model priced at between 420,000 yen and 530,000 yen per 3.3 sq. meters. But despite a higher price, it is still lower than the unit price of typical imported houses previously sold in Japan.

A survey by the Japan External Trade Organization (JETRO) said that until recently imported homes cost about 20 million to 40 million yen per unit, or 500,000 yen to 800,000 yen per 3.3 sq. meters.

With Japanese snapping up the homes, Sumitomo Fudosan revised upward its sales target for fiscal 1996 to 1,750 houses from an earlier projected 500, the company official said.

The Sumitomo official said the drop in prices for the imported homes stem largely from simplification of distribution channels for imported wood.

After purchasing wood in the United States, the company packs the amount of wood needed to build a house and distributes it directly to the construction site without going through trading houses or agents, he said.

The company also standardizes most of the housing designs to defray costs as much as possible, he said.

Tokyu Home Corp., an affiliate of Tokyu Land Corp., began selling imported houses at the end of last year, with prices ranging from 370,000 yen to 430,000 yen per 3.3 sq. meters.

Mitsui Homes Co., which has been building higher-priced custom-made homes for 15 years, began marketing in February imported models ranging from 470,000 yen to 530,000 yen per sq. meters.

The recent lifting of complicated procedures for builders using imported wood was the main factor in lowered prices, the industry sources said. But prices for such housing could also not have fallen without the appreciation of the yen.

Seminars sponsored by JETRO in April on the construction of imported houses and legal procedures for importing materials were flooded with owners of small home builders enthusiastic about the new industrial sector.

Jetro said it plans to hold similar seminars in May and June amid the growing popularity of imported houses.

One agent provides technical expertise on a whole range of the import house business as a way to expedite small builders' entry into the area.

Already 76 builders became member of the Tokyo-based Import Housing Board (CQ) System Corp., which designs homes with imported materials and procures these materials for them.

The sources say there is considerable room for more growth if further government deregulation is implemented in the market, where the construction ministry estimates some 500,000 private houses will be built annually.

But Mikio Sato, a critic on the housing issue, cautions Japanese against building imported houses without much thought.

"It is generally believed that imported houses are cheaper and of higher quality (than traditional Japanese houses), but it's not always true. Customers wanting to build an imported house should choose a reliable builder who has enough experience, and will guarantee and confirm what equipment is included in the price before placing an order," Sato said.

Japan: NTT Head Urges Broad Rules on Circuit Access

OW0805143796 Tokyo KYODO in English
0841 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 KYODO — The government should not get bogged down in technical details in drawing up rules to cover access to telephone circuits of Nippon Telegraph and Telephone Corp. (NTT) by rival common carriers, NTT president Masashi Kojima said Wednesday [8 May].

"While formulating rules is important, such rules should cover only basic and standard areas," leaving the telecom industry to take care of the rest, Kojima said at a news conference.

Access rules as rigid as laws "would instead make connections (between NTT and rival carriers) harder," Kojima said.

The Telecommunications Council, an advisory panel to the posts and telecommunications minister, is now discussing rules for ensuring fair access to NTT's network by rival carriers.

Meanwhile, in order to better process the growing number of applications for access to its local circuits, the giant telecom carrier will consolidate relevant divisions Monday into a new department for access promotion.

Japan: 'Jusen' Issue Deadlocks Ruling, Opposition Parties

OW0805141096 Tokyo KYODO in English
1302 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 KYODO — Ruling and opposition parties remained deadlocked Wednesday [8 May] over the handling of bills related to moribund "jusen" mortgage companies with the main fiscal 1996 budget expected to be enacted Thursday.

Parliamentary officials said the House of Councillors is expected to pass by a majority vote the 75.1 trillion yen national budget for the fiscal year, which began April 1, completing parliamentary action on the legislation.

The budget, which includes an outlay of 865 billion yen in taxpayers money for the dismantling of the seven housing loan companies, was passed by the powerful House of Representatives April 11.

The officials said no progress was made in negotiations between the ruling coalition and opposition parties Wednesday on how to deal with bills concerning the resolution of problem loans left by the mortgage companies.

To break the impasse over the issue in discussions on the budget bill, both sides reached a compromise agreement that would hold off the disbursement of tax money for settlement of the matter until adequate measures are worked out.

The officials said the three-party ruling coalition, led by the Liberal Democratic Party, and opposition parties were unable to agree on the wording of a resolution seeking a reduction of the jusen-related outlay, which will be introduced in the upper house.

In the lower house, the officials said, the main opposition Shinshinto (New Frontier Party) rejected a ruling party proposal for a plenary session Friday to discuss bills related to the jusen issue, the officials said.

In the final round of debate on the state budget at the plenary session of the lower house Wednesday, Prime Minister Ryutaro Hashimoto urged banks — which are founders of the *jusen* loan lenders — to give up claims worth more than 3.5 trillion yen.

Hashimoto said the government may take legal action, if necessary, against officials held responsible for the *jusen* troubles.

Japan: Financial Sector Urged To Shoulder Loan Burden

OW0905080096 Tokyo KYODO in English
0259 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The whole financial industry should decide "speedily" and "voluntarily" to shoulder more of the burden of liquidating seven failed "*jusen*" housing loan companies, the government's spokesman said Thursday [9 May].

Chief Cabinet Secretary Seiroku Kajiyama made the remark shortly before the 75.1 trillion yen budget for fiscal 1996, which includes the controversial appropriation of 685 billion yen in tax money for liquidation of the housing loan firms, was to be passed by the Diet later in the day.

Kajiyama expressed hope that not only the founder banks of the moribund mortgage companies, but also agricultural financial institutions that are major creditors of the housing loan firms and other financial institutions without direct links to "*jusen*" will bear an additional burden.

Japan: Upper House Committee Approves FY96 Budget

OW0905064796 Tokyo KYODO in English
0328 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The House of Councillors Budget Committee on Thursday [9 May] approved the fiscal 1996 budget containing a controversial outlay for the liquidation of insolvent "*jusen*" housing loan companies.

The approval paves the way for the budget to go to a plenary session of the upper house later in the day for almost certain approval by a majority from the governing tripartite coalition.

The budget will be passed in the Diet some three and a half months after it was first proposed Jan. 22.

The fiscal 1996 budget was approved April 11 by the House of Representatives and would automatically become law Friday even if the upper house did not approve it.

Japan: Ministry Eyes Zero Growth for FY97 Public Works Outlays

OW0805140796 Tokyo KYODO in English
1246 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 KYODO — The Finance Ministry started deliberations Wednesday [8 May] on disapproving any year-on-year growth in government investment-related outlays in the fiscal 1997 budget to cut dependence on borrowing, ministry officials said.

If the ministry succeeds in securing approval for the zero growth plan from the ruling coalition government, fiscal 1997 will be the first in four years that growth in public works spending is foregone.

The ministry also envisions a 15 percent cut in ordinary expenditures such as stationery costs, in the wake of 12 consecutive years of 10 percent cuts in this budgetary appropriation sector, they said.

Economic Planning Agency Director General Shusei Tanaka earlier said, "Although we want to bring about a full-fledged economic recovery, the government should not place an excessive burden on the nation's finances."

An official at the ministry's Budget Bureau described fiscal 1997 fiscal as the "starting line for rehabilitating the nation's fiscal house."

The ministry annually imposes a so-called "ceiling" that sets the acceptable scope of possible ups and downs in percentage terms for public works projects and other major budgetary appropriation items.

Government agencies and ministries are required to adjust the size of their budget requests in their respective fields in line with the ceiling in submitting their requests in August to the ministry.

The ministry will step up work on the ceiling for the fiscal 1997 budget in view of the expected passage of the fiscal 1996 state budget bill slated for Thursday, they said.

Japan has approved a 5 percent increase in public works spending for three consecutive fiscal years since fiscal 1994 to reinvigorate the floundering economy, which took a hammering from the early 1990s bursting of the "bubble economy."

This fiscal generosity, combined with the effects of a string of pump-priming supplementary budgets and stimulative economic policy packages, has helped push the economy back on the track to mild recovery.

Assured of signs of economic recovery, the ministry is leaning toward a more cautious fiscal posture that would

help the nation reduce its heavy dependence on annual issuances of government bonds, the officials said.

A budget bureau official said, "We should make the next fiscal year's budget one that places more emphasis on straightening up the fiscal house, rather than providing active fiscal stimulus to push economic recovery."

However, fiscal analysts warned that the ministry will enter a tough tug-of-war with politicians of the ruling coalition who will seek to woo voters by having the ministry compile yet more large-scale pump-priming fiscal measures in view of an approaching national election.

The political community is being rocked by speculation that Prime Minister Ryutaro Hashimoto may dissolve the House of Representatives to call a general election well before the July 1997 deadline mandated by law.

Japan: Construction Machine Shipments Up 1 Percent in FY95

OW0805143696 Tokyo KYODO in English
1117 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 KYODO — Overall shipments of construction machines for fiscal 1995 which ended March 31 rose 1 percent from the previous year to 1,826.8 billion yen, for the second consecutive year-on-year rise, an industry association said Wednesday [8 May].

The growth reflects active shipments of machines for use in building construction, the Japan Construction Equipment Manufacturers Association said.

Of the total, domestic demand increased 2.3 percent to 1,380.9 billion yen, it said

External demand was down 2.9 percent to 445.8 billion yen. But exports to Asian countries increased.

Shipments of crane trucks were up 18.8 percent to 280.7 billion yen, the association said.

In contrast, shipments of tunnel-digging machines slumped 31.6 percent to 61.4 billion yen and those of road-pavement machines were down 2.7 percent to 73.4 billion yen.

Japan: DA Decides To Integrate, Reorganize 40 GSDF Posts

OW0905093996 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 8 May 96 Morning Edition p 1

[FBIS Translated Text] As of 7 May, the Defense Agency [DA] decided to integrate and reorganize about 40 sites in approximately 170 posts of the Ground Self-Defense Forces [GSDF] throughout Japan over 15 years. The decision has been made on the basis of a plan to

reduce the GSDF's strength and reorganize its units set forth in the New Defense Program Guideline approved at the cabinet meeting last November.

Taking into account the facts that the cold war has ended and that GSDF strength has failed to reach its ceiling, DA decided to reduce the number of SDF permanent personnel from the current 180,000 to 145,000. Moreover, the DA has worked out a plan to turn four divisions into brigades or to integrate or rearrange their posts. These four divisions are the Fifth Division (with headquarters in Obihiro city), the Eleventh (in Sapporo city), the Twelfth (in Shinto village, Gunma Prefecture), and the Thirteenth (in Kaita town, Hiroshima Prefecture).

With regard to the plan for integrating and rearranging posts, the DA plans to spend five years selecting about 40 posts and facilities for realignment and consolidation beginning in fiscal 1996. In making this selection, some of the standards will be whether there are other posts in the neighborhood, whether there are any obstacles to dispatching troops to disaster areas, and whether the impact on local governments would be serious.

Japan: MSDF Electronics Researcher Profiled

OW0603152596 Tokyo BOEI GIJUTSU JANARU
in Japanese Jan 96 p 25

[Profile of Lieutenant Commander Machiko Totoki, Maritime Staff Office Engineering Department, Electrical Engineering Office, First Engineering Division]

[FBIS Translated Text] From a television station to a female Self Defense-Force [SDF] officer, and then a technical researcher with a doctorate—just hearing that would create the image of a super career woman in anyone's mind. But the impression one gets when actually meeting Lieutenant Commander Machiko Totoki is that of a cheerful, unassuming woman one might meet anywhere.

Here is a brief introduction to Totoki's resume. She withdrew from the Keio University Economics School in 1977 and entered the metallurgy curriculum in the Tohoku University School of Engineering. On graduating in 1981, she went to work for a new regional UHF broadcasting station. She was a newscaster doing weather shows and such when she came to face a new turn in her life. According to Totoki: "My father was the chief engineer on a merchant ship, so I had gone to the harbor since childhood. And from childhood I always had an interest in ships and the sea, so I cut the opposition of those around me, and took the exam."

And so the following spring, she joined the Maritime Self-Defense Force [MSDF] as technical officer candidate. After being sent to the Yokosuka Training Division

as a unit officer in 1983, she went on to the Supply Control Command in 1984 and the Yokosuka Ship Repair Facility in 1985. That was just at the time the technical field was opened up to female SDF officers, and that is when she got a job related to technology. Her work at the degaussing shop there determined the direction of Totoki's future.

In 1987 she entered the Physics Research Department of the National Defense Academy, and specialized in applied electromagnetics. She completed her course in 1989 and was assigned to the Technical Research and Development Institute's (TRDI) Kawasaki branch, where she began her first real research activity since joining the MSDF. In Kawasaki, she was assigned to the First Electromagnetics Laboratory, where she researched electromagnetic control, including degaussing ship hulls. She participated in research on "New Degaussing Measures" during that period. Rather than measuring the magnetism of a submarine from the outside, as in the past, these measures consisted of installing sensors within a submarine and measuring minute differences between the exterior and interior magnetism. "Director Yanagizawa, the head of my laboratory, let us choose the concepts we researched. I could go to places like Kariya, Yokosuka, and Sasebo for a week at a time for testing. It was a good experience."

In 1992 she entered the Tokyo Institute of Technology graduate school (specializing in electrophysical engineering), and in the spring of 1995 she returned with a engineering doctorate for her dissertation on optical integrated circuits. The number of female SDF officers with doctorates, incidentally, is 8 at present: 7 in the field of medicine and dentistry and Totoki in the field of physics.

Following her return to work, she was primarily responsible for sonar and other measuring equipment on the electronic technology team of the First Technology Division, Technology Department, Maritime Staff Office. There she spent each day busily collecting foreign and domestic technical data and analyzing trends. Lieutenant Shinji Totoki, whom she married after meeting him while at the National Defense Academy, was transferred to Okinawa the year before last, since which time they have been geographical singles. But when she is able to take leave, she spends her time in Okinawa with her husband, enjoying her hobby of scuba diving.

Totoki describes her future dream as a researcher like this: "I would like to do research on optical sensing systems using fiber optics, in connection with underwater weapons. Just as sound is converted to electrical signals, it should be possible to create systems

that convert sound to optical signals and transmit it by fiber optics."

Japan: New Frontier Party Member Rules Out Coalition With LDP

*OW0805123196 Tokyo KYODO in English
1104 GMT 8 May 96*

[FBIS Transcribed Text] Fukuoka, May 8 KYODO — Former Prime Minister Tsutomu Hata, a senior member of the main opposition Shinshinto (New Frontier Party), ruled out Wednesday [8 May] forming a coalition with the Liberal Democratic Party (LDP).

Shinshinto President Ichiro Ozawa, a former LDP member along with Hata until about three years ago, has hinted that Shinshinto might cooperate with the LDP if it ceases its present coalition with the Social Democratic Party and New Party Sakigake.

In a lecture in the southwestern Japan city of Fukuoka, Hata said Shinshinto should keep its position as one of Japan's two largest political forces, rather than become a "supplement" to the LDP by entering a partnership with the dominant force in the ruling coalition.

"It is important to create two major political forces which maintain a distance from each other, but which can sometimes make important compromises," Hata said.

Meanwhile in Sapporo, northern Japan, Shizuka Kamei, a senior LDP member, also ruled out the possibility of forming a coalition between the LDP and Shinshinto.

"There is no need to bring back bad blood once it has left the LDP," Kamei said, referring to former LDP members who are now leading figures in Shinshinto.

Hata said he does not agree with Ozawa's argument that the government should change its constitutional interpretation banning the use of the right to collective defense.

"Such an idea (the change of the interpretation) cannot be accepted by international society or in Japan," Hata said.

However, the former premier noted the necessity of stimulating broad discussion on the Constitution.

North Korea

DPRK: ROK Said To Conduct 'War Exercise' 6-7 May

*SK0905024296 Pyongyang KCNA in English
0233 GMT 9 May 96*

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — The South Korean puppets carried on a long-time

aerial war exercise against the North on May 6-7 by flying about 1,200 fighters and 10 transport helicopters of the puppet army in the air above the foremost front area and the West Sea, military sources said.

And, on May 6-7, 105mm artillery groups, deployed in the areas in the western and eastern sectors of the front, fired more than 340 shells in a direction of foremost front and a hundred and scores of armed soldiers, positioned in the heights of the foremost front, fired more than 1,240 bullets of 12.7 mm machine guns and automatic rifles under the very nose of the North.

If the South Korean puppets invade an inch of land of the northern half of Korea, we will mercilessly annihilate them.

DPRK: Kim Yong-nam Departs Libya, Arrives in Algeria 6 May

SK0805111596 *Pyongyang Korean Central Broadcasting Network in Korean*
1300 GMT 7 May 96

[FBIS Translated Text] Kim Yong-nam, vice premier and foreign minister of our country, and his entourage arrived in El Djazair, the capital of Algeria, on 6 May to visit the country.

At the airport, the foreign minister and his entourage were received by the Algerian foreign minister, other Algerian officials of sectors concerned, our country's ambassador to Algeria, and embassy staff.

Winding up their visit to Libya, the foreign minister and his entourage left Tarabulus on 5 May. They were seen off by the secretary of the External Liaison and International Cooperation Bureau of the Libyan National People's Committee, permanent secretaries of the External Liaison and International Cooperation Bureau, other officials from sectors concerned, and our country's ambassador to Libya.

DPRK Seminar Held on Anniversary of Fatherland Restoration Association

SK0305083296 *Pyongyang KCNA in English*
0753 GMT 3 May 96

[FBIS Transcribed Text] Pyongyang, May 3 (KCNA) — A seminar of social scientists was held here on Thursday to mark the 60th anniversary of the Association for the Restoration of the Fatherland (ARF).

The great leader President Kim Il-song founded the association on May 5, 1936, reflecting the requirement of the times and the development of the revolution.

The association was a standing pan-national united front body with its monolithic programme and rules and orga-

nizational system of its own. And it was a powerful underground revolutionary organization involving masses across the country, which was guided by the chuche idea and struggled to achieve the historical cause of the restoration of the fatherland with the united efforts of the entire nation.

Present at the seminar were Choe Tae-pok, alternate Politburo member and secretary of the C.C. [Central Committee], the Workers' Party of Korea, and officials of party cadre-training institutions, organs of science, education and the press, and officials in charge of historical sites.

Speakers noted that President Kim Il-song set the idea of patriotism as the banner of national unity and thoroughly applied it in the ten-point programme, the inaugural declaration and rules of the association.

Under this banner, workers, peasants, youth and students, intellectuals and others could be firmly rallied as one political force and turn out as one in the struggle to achieve the historical cause of national restoration by the nation itself, they stressed.

They said that the anti-Japanese national united front movement in Korea, which developed onto higher stage after the foundation of the association, was a strong political movement that powerfully encouraged the entire nation to the anti-Japanese armed struggle under the banner of the restoration of the fatherland.

The tradition of national unity established by President Kim Il-song with the foundation of the association has been a precious foundation that made it possible to strengthen the driving forces in the whole historical course of the Korean revolution and push ahead with the revolution and construction and its invincible vitality has been fully displayed, they added.

They stressed it is a decisive guarantee for national reunification to inherit and develop this great tradition, rallied close around the respected General Kim Chong-il.

DPRK Papers Mark Victory in War Against Fascist Germany

SK0905031596 *Pyongyang KCNA in English*
0238 GMT 9 May 96

["Day of Victory in War Against Fascist Germany Marked" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — It has been 51 years since the Soviet people defeated the Hitler fascist clique and won a great victory in the war against fascist Germany.

Pyongyang-based newspapers today carry signed articles on this occasion.

NODONG SINMUN says the Soviet people's victory in the war showed that any formidable enemy could never bring to their knees the people who rose as one in the fight of justice with firm belief in the justness of their cause, and victory is always on the side of justice.

It goes on:

Mass heroism and matchless self-sacrificing spirit displayed by the Soviet people and the guidance of the Communist Party of Bolsheviks were decisive factors in winning the victory in the great patriotic war.

Their victory was a historic event which demonstrated the incomparable superiority of socialism to capitalism.

With this victory, the dark clouds of Hitler fascism was removed from over humankind, human civilization saved and the national liberation struggle in colonies further intensified.

Half a century has passed since then.

Some forces were trying to bury in oblivion of history the victory of the Soviet people, but could not erase its significance.

The aggressive and warlike forces still remain on the earth and the danger of aggression and war exists still due to them.

Those war forces can be defeated for peace and security when all anti-imperialist, anti-war peaceloving forces struggle in unity.

If the aggressive, warlike forces go against the trend of the times and the desire of humanity, forgetful of the historical lessons, they will go to ruin.

MINJU CHOSON says that by honorably defending the Soviet power in the patriotic war, the Soviet people showed any imperialists could not bring into submission the heroic people who turned out as one in the sacred struggle to defend national sovereignty and dignity, and demonstrated invincibility of socialism.

DPRK: Pyongyang Television Reports on Youth Volunteering To Join KPA

SK0605030096

[FBIS Report] The following is a compilation of reports on meetings of youth volunteering to enlist in the DPRK's Korean People's Army [KPA]. All the reports were carried by Pyongyang Korean Central Television Network in Korean between 20 and 22 April.

At 1100 GMT on 20 April, Pyongyang Central Television in Korean carries a 4-minute report on the meeting

of young students in Pyongyang held on 19 April at the city's outdoor theater in Moranbong Youth Park to send off high school students who volunteered to enlist in the Korean People's Army. The announcer states: "The meeting was attended by responsible functionaries from party, government, administrative, and economic organs in Pyongyang; anti-Japanese revolutionary fighters; war veterans; functionaries from the Kim Il-song Socialist Working Youth League [KISSWYL]; schoolmasters and teachers; students; and parents." The announcer then cites the gist of speeches made at the meeting, followed by brief recorded remarks by some of the KPA volunteers, who vow to fight for the country and Kim Chong-il.

At 1100 GMT on 21 April, Pyongyang Central Television carries a 2-minute report on a meeting of graduates of Pyongyang's Changgwang Senior Middle School, where the graduates volunteer to enlist in the KPA. The announcer cites the gist of speeches made by teachers at the meeting.

At 1100 GMT on 22 April, Pyongyang Central Television carries a 2-minute report on the meetings of KISSWYL members of Huichon Machine Tool Plant and the State Academy of Sciences to volunteer to enlist in the KPA. The announcer cites the gist of speeches made by the volunteers.

DPRK: KCNA Profiles 'Model Machine Movement'

SK0405085296 *Pyongyang KCNA in English*
0822 GMT 4 May 96

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA) — The "model machine movement of loyalty for emulating lathe No. 26" is brisk in Korea.

According to data available, a total of some 1,033,800 machines and some 79,800 workteams have received the No. 26 model title once, twice or thrice. The title has been awarded to about 7,700 workshops and to about 6,400 factories and farms once or twice. Nearly 600 workshops and factories have become honor prize winners in this movement.

The model machine movement is a mass campaign to adjust the machines and equipment carefully in a responsible manner, make an efficient use of them, renovate them technically and improve the production capacity and the level of technical equipment constantly.

From April 21 to May 8, 1961, the great leader Comrade Kim Chong-il found himself among workers of the Pyongyang textile machine factory, operated lathe No. 26, set a noble example of taking care of machines and led the workers to conduct a vigorous model machine movement.

The workers of the factory took the lead in this movement. In June 1982, they initiated a "model machine movement of loyalty for emulating lathe No. 26" that involves not only machines but workteams, workshops and factories and kindled the torchlight of this movement.

From the beginning, the movement was welcomed by the masses and rapidly expanded amidst social interest and vigorously conducted as a mass campaign at all industrial establishments, cooperative farms and other sectors and units including science, education, culture and health service.

In the course of this, new changes have taken place in the ideological and moral traits and style of work of the working masses and a great progress has been made in the maintenance of equipment, technical development and production.

DPRK: Taean Heavy Machine Complex Accelerating Production

SK0905022896 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 8 May 96

[FBIS Translated Text] The working class at the power generation facility assembly workshop in the Taean Heavy Machine Complex is effecting an innovation in the production of plant facilities. The working class at this workshop, which is accelerating the production of plant facilities with a burning determination to uphold the party with practical deeds, not with words, has been registering production successes at a high level these days.

In particular, members of the stator workshop are effecting innovations in increasing production more than three times by introducing advanced work methods while vigorously accelerating stator (?coiling) work with the spirit of the arduous march.

Members of the rotor (?coiling) workshop are also registering great labor successes everyday by waging a vigorous labor struggle with the aim of expediting the (?coiling) work at the earliest possible date.

DPRK: Changgang County Plants Increase Consumer Goods Production

SK0805044996 *Pyongyang Korean Central Broadcasting Network in Korean*
2100 GMT 6 May 96

[FBIS Translated Text] Local industrial plants in Changgang County have produced large amounts of various kinds of consumer goods. In May, workers at a garment plant who had doubled the targets set from April

have kept production on a steady increase by bringing about innovations through closer cooperation among the various components.

Beginning this month, workers at a cider plant, a vegetable and fishery products processing plant, and a soy sauce plant are overfulfilling the daily targets by unfailingly and effectively utilizing materials in the local area and operating all facilities at full capacity, highly displaying the revolutionary spirit of self-reliance.

DPRK: Changjingang Power Station 'Normalizing' Production

SK0905032196 *Pyongyang Korean Central Broadcasting Network in Korean*
2100 GMT 8 May 96

[FBIS Translated Text] The electric power producers of Changjingang Power Station, who overfulfilled the power production target in the meaningful month of April by 2.4 percent, have been normalizing power production at a high level in May as well, operating all power generation facilities at full capacity since the first day of the month.

Station reporter Ho Am interviewed Kim Chong-sik, section chief of Changjingang Power Station, and Yim Song-chol, head of the No. 3 power generation work site, said the following:

[Begin recording] [Kim Chong-sik] "We the functionaries and working class of Changjingang Power Station, upholding the behests of the great leader and the intent of the respected and beloved general, are accelerating a vigorous march, overfulfilling the power production target for the meaningful month of April by 2.4 percent.

"During the target period, technicians and the working class of the electric power machine work site of the power station successfully carried out the task assigned to them and enhanced the adaptability capacity of the electric power system of the [word indistinct] section so as to further increase power production. In particular, the No. 1, No. 2, and No. 3 power generation work sites excelled in this."

[Yim Song-chol] "Since the first day of this year, we have operated generators at full capacity. The operators of the generators, including Comrades Yi Tu-ok, Sin Yong-kil, and Cho Myon-pok, are striving to increase the electric power production as best as possible through reasonable distribution of load and [word indistinct] operation.

"Many comrades, such as Pak Tae-chin, Kim Kyong-sok, Hwang Pyong-ku, Kim Il-kwon, and Hong Po-sok, effectively carried out maintenance work, contributing to the accident-free operation of facilities."

[Station reporter Ho Am] "Then you will have no problem attaining the May target for power production."

[Yim] "There will be no problem. With the spirit of the arduous march, we will continue to struggle to thoroughly implement our party's revolutionary economic strategy to firmly solidify the economic position of our socialism."

DPRK: Mangyongdae Prize Sports Contest Held

*SK0905030996 Pyongyang KCNA in English
0231 GMT 9 May 96*

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — The Mangyongdae prize sports contest took place recently in the Democratic People's Republic of Korea.

It included scores of events such as football, basketball, volleyball, shooting and weightlifting and some 800 subdivided events.

Yi Kyong-won, Kim Chong-su and Kim Hyon-ung set a new Asian record in the team event of centre fire pistol 60 shots. [sentence as received] And some ten boys and girls renewed national records in shooting, swimming and other events.

The contest has been held every year from 1969 around April 15, the birthday of the great leader President Kim Il-song.

Many athletes selected from central and local sports groups take part in the contest.

Some of them have set new world, Asian and national records.

In the 1994 contest people's sportsman Kim Myongnam of the Kigwancha sports group, Yi Song-hui of the Wolmido sports group and Han Kyong-sil of the Pyongyang municipal sports group improved world records. Kim jerked 203 kg in men's 76 kg category, Yi snatched 68.5 kg and jerked 87.5 kg with a total of 155 kg in women's 46 kg category and Han snatched 70 kg in women's 46 kg category.

In the 1995 contest Han Kyong-hwa and Kim Chun-hwa of the Sosong district sports group, Pyongyang, broke the standing world record in the 1,500-metre short track speed skating event and Chong Sung-won of the national defense sports group in the 40-shot event of 10-metre running game target.

In the two contests nine aces improved Asian records in subdivided events and more than 90 athletes renewed national records.

The Mangyongdae prize is awarded to winning teams.

South Korea

ROK: U.S. Said 'Disappointed' Over Talks on Telecommunications Market

*SK0805121996 Seoul YONHAP in English
1154 GMT 8 May 96*

[FBIS Transcribed Text] Seoul, May 8 (YONHAP) — A U.S. trade official expressed regret Wednesday over South Korea's alleged unwillingness to address the issue of further American access to the Korean telecommunications market.

"In all frankness, we were very disappointed that the Korean Government was not prepared to discuss our concerns regarding access to Korea's markets," Christina Lund, U.S. deputy assistant trade representative for Asia and the Pacific, told reporters.

Lund and her delegation had met with officials from the Ministry of Information and Communications Monday and Tuesday, where Lund cited reports of Korean Government policies that discriminate against American telecom firms through "localization" and other distorting policies, she said.

"Buy local policies are not only out of step with the global trend towards market liberalization but they deprive Korean consumers and businesses access to world class telecommunications technology."

She declined to comment as to how the ministry failed to address such concerns, but said that her delegation asked Seoul to "neither require nor encourage" firms to purchase telecom supplies or services from any particular buyer, leaving the bidding open to competition based on economic and technical criteria.

"We have invited the Korean Government to continue these discussions next month in Washington where we hope we can make some real progress, she said, adding that "it would be premature to speculate" on actions that the United States would take if South Korea's position remained unchanged.

While American telecom exports to South Korea declined last year, Korean telecom exports to the United States rose from 499 million U.S. dollars in 1994 to 543 million dollars in 1995, a trend that is expected to continue, the U.S. trade official noted.

Furthermore, Korean manufacturers of personal communication services (PCS) equipment have contracts worth over 500 million dollars with PCS providers in the U.S. market, she added.

"Comparable opportunities to compete in the Korean PCS and other telecom services market are not available

for U.S. providers of services and equipment. The U.S. Government seeks to correct the lack of mutually advantageous market opportunities."

Seoul's plan to liberalize its domestic telecom market "falls very short" of expectations, Lund noted, adding that her delegation's demands were "not excessive but very reasonable" in light of the access enjoyed by Korean firms in the U.S. market.

ROK: U.S., DPRK 'at Odds' Over Announcing MIA Agreement

SK0905004196 Seoul YONHAP in English
0036 GMT 9 May 96

[FBIS Transcribed Text] New York, May 8 (YONHAP) — American and North Korean officials were reported Wednesday to be at odds over the announcement of the agreements reached in their negotiations on the repatriation of remains of American servicemen killed in action during the 1950-53 Korean war.

As a result, the joint written agreement which was originally scheduled to be announced Wednesday is now expected to be issued Thursday.

A member of the U.S. delegation said that the North Koreans are reluctant to make public the contents of the accord in detail.

The official, who asked for anonymity, indicated that the Americans are attempting to persuade their North Korean counterparts into announcing the agreement, when he recalled that the North at first refused to announce the substance of the light-water reactor supply agreement it negotiated with the Korean Peninsula Energy Development Organization (KEDO) last December.

Both sides attempted to iron out their differences on the matter twice Wednesday morning and afternoon at the Grand Hyatt Hotel in downtown New York, but in vain. They are reportedly scheduled to meet again Thursday morning after receiving instructions from their governments.

ROK: DPRK Using 'Delaying Tactics' on 4-Way Talks Issue

SK0905060196 Seoul CHOSON ILBO in Korean
9 May 96 p 5

[FBIS Translated Text] The ROK Government believes that the North Korean request to the United States for an official explanation about the four-way talks is North Korea's delaying tactics and that it will be quite some time before we know whether North Korea will accept the four-way talks.

A relevant government official said on 8 May: North Korea is using delaying tactics to buy time. The ROK and the United States have sufficiently explained to North Korea about the four-way talks, and there is no need for further explanation.

The government official said: The United States has been trying in various ways to persuade North Korea to realize the four-way talks. Christenson, deputy director of a department of the U.S. State Department, has had a series of contacts with Han Song-yol, minister of the North Korean U.N. mission. In addition, during their visit to the United States, Kim Chong-u, vice chairman of the North Korean External Economic Committee, and Yi Chong-hyok, vice chairman of the North Korean Asia-Pacific Peace Committee, had "high-level" contacts with U.S. officials such as Hubbard, a deputy assistant secretary of state. Under these circumstances, North Korea called for an "official explanation" by the United States, a move that can be interpreted as the North's claim for holding U.S.-North Korea talks prior to the four-way talks.

In its contacts with the United States, North Korea intensively demanded a second-stage lifting of economic sanctions and grain aid to the North. In connection with the four-way talks, North Korea repeated its assertion that a peace agreement be signed between the United States and North Korea. North Korea asked few questions on the form and agenda of the four-way talks, according to the Foreign Ministry.

ROK Government Meeting Views 4-Way Talks, Food Aid to DPRK

SK0905124096 Seoul YONHAP in English
1207 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The government on Thursday afternoon examined the reaction North Korea has so far made to the four-way meeting proposal as well as moves by world powers surrounding the Korean Peninsula.

The unification and national security policy coordination meeting was chaired by Deputy Prime Minister and National Unification Minister Kwon O-ki.

"The meeting studied overall situations at home and abroad in the wake of the four-way talks proposal and also the policies the government would take in the days to come," Unification Ministry Spokesman Kim Kyong-ung said.

An informed source said that the meeting reaffirmed the government decision not to take any appeasement programs toward the North until Pyongyang shows an

affirmative response to the overture lest they should lead the North to miscalculate the reality.

Also on the issue of additional delivery of rice to the famine-threatened North, the meeting decided to stick to the government's existing stand that any additional provision should be preceded by the grasping of the actual food condition of North Korea.

"At the moment, the food shortage in the North seemingly amounts to about 1.2 million tons," a government official said.

However, there won't be a major famine in the North at least until July or August since the North introduced 400,000 to 500,000 tons of food grains from the abroad so far this year, he said, adding that the government intends to decide whether to give additional food assistance to the North after obtaining a correct picture of the North's food situation.

Article Views ROK's Isolation During U.S.-DPRK Contacts

SK0805122096 Seoul CHUGAN CHOSON in Korean
9 May 96 p 27

[Article by reporter Ku Song-chae of the Politics Department: "Is North Korea the Star and the ROK the Spectator?"]

[FBIS Translated Text] Is the ROK's diplomacy isolated? After unfolding a multi-faceted diplomatic offensive to approach the United States, North Korea now sits face to face with the United States, eliminating the ROK. Suspicions are being raised as regards the current situation concerning the ROK's diplomacy because, before the current regime took power, it was unimaginable to conduct a U.S.-DPRK dialogue without the ROK.

Of course, this does not mean the United States is negligent toward the ROK because of its direct contacts with North Korea, or that there is something wrong with the existing cooperative relations between the ROK and the United States. However, if the United States and North Korea continue to hold contacts without the ROK, it is inevitable that the ROK's anxiety will increase. This is due to the increased concern that these talks may deprive the ROK of taking the initiative in resolving the issue on the Korean peninsula in favor of the United States and North Korea, and that the United States may make decisions somewhat distant from those of the ROK if it is in the interests of the United States. The fact that the U.S. presidential election is just around the corner, which will determine whether Clinton is reelected, is an element adding to such concerns.

The three major neighboring powers — Japan, the PRC, and Russia — are not an exception in this

matter. One of the most important works for Japan is establishing diplomatic relations with North Korea. Thus, Japan has been waiting for the opportunity to improve relations with North Korea while grasping the situation of the ROK and the United States. In parallel with the unfolding of North Korea's multi-faceted and active diplomatic offensive toward the United States, there are reports Japan and North Korea held secret contacts to establish diplomatic relations. This is by no means a coincidence. It was learned that work is currently being promoted for Kim Yong-sun, North Korea's current man of influence in the diplomatic field, to visit Japan. We cannot eliminate the possibility that along with promoting U.S.-North Korea relations, a new phase will begin in Japan-North Korea negotiations to establish diplomatic relations, which has been making slow progress. In addition to improvements in Japan-North Korea relations, there is a high possibility that an increase in Japan's influence on the Korean peninsula may be a barrier to resolving our independent Korean peninsula issue.

Jiang Zemin and Li Peng visited Seoul, but it is difficult to say that Seoul is closer to Beijing than Pyongyang. The United Nations Security Council, which opened on 11 April, discussed North Korea's maneuver to make Panmunjom powerless. All 15 member countries except one agreed there must be a strong warning against North Korea's maneuver. The PRC was the only country that sided with North Korea. No matter what anyone says, as far as the political issue is concerned, the PRC once again clearly showed it is on North Korea's side.

After establishing diplomatic relations with the ROK, Russia has walked a one-sided line toward the ROK, leaving aside North Korea. However, being aware of the North's increase in influence, Russia turned its track toward a South-North Korea equidistance diplomacy. On 11 April, Russia strongly warned North Korea. It holds a different position than the PRC. However, strictly speaking, this act was a show not for the ROK but for the United States. Since its establishment of diplomatic relations with the ROK, Russia reflected on its diplomacy on the Korean peninsula, which was exclusively supportive to the ROK. It is now making efforts to improve relations with North Korea, which it has been negligent about. There is talk Russia has become angry due to the ROK's "arrogant" attitude. For example, Russia is saying: "The ROK is being impatient over the fact that it may not receive the small amount of money (\$3 billion for the economic cooperation fund) it gave Russia. The ROK does not take Russia seriously." North Korea is well aware of such public sentiment in Russia. North Korea has leaked the view that it opposes the four-way talks, doing so not through the PRC but

through the DPRK Embassy in Russia. This is because it is reading the "anti-ROK" psychology that exists in Moscow.

Just because the four major neighboring powers are exerting efforts to improve relations with North Korea does not mean our diplomacy has become "an international orphan." This is because we view relations with North Korea as being weighed against relations with the ROK. It is difficult to deny that North Korea's emergence as a "star" and the situation in which the ROK sits in the audience in the diplomatic arena surrounding the Korean peninsula is by no means desirable. This is because there is no guarantee that during this process our diplomacy will be dragged in a direction which is far from our national interest, turning the initiative of the resolution of the Korean peninsula issue to another country or into the hands of North Korea.

ROK, U.S., Japan To Discuss Food Aid to North Korea

SK0905054796 Seoul CHOSON ILBO in Korean
9 May 96 p 1

[Report by reporter Pak Tu-sik from Washington]

[FBIS Translated Text] Diplomatic sources in Washington revealed on 7 May (8 May, Korean time) that the ROK, the United States, and Japan share an understanding of the difficult food situation in North Korea, and they will extensively discuss ways to provide grain aid to North Korea during the high-ranking policy-making consultative meeting to be held on Cheju Island on 13-14 May.

In particular, the U.S. side will reportedly disclose at the meeting information concerning North Korea's difficult food situation that the U.S. Government and various international organizations have collected so far.

It has been learned that the United States maintains that food aid to North Korea should be carried out separately from the four-party talks because of humanitarian reasons.

It has been learned, however, that, considering the fact that the United States cannot afford to give large-scale food aid to North Korea because of its legal and budgetary restrictions on the country, the U.S. Government strongly wants the ROK and Japan to actively participate in providing food aid to North Korea from a humanitarian point of view.

ROK: Yi Chong-hyok Denies Requesting Emergency Rice Aid

SK0805124996 Seoul YONHAP in English
1242 GMT 8 May 96

[FBIS Transcribed Text] Tokyo, May 8 (YONHAP) — Yi Chong-hyok, vice chairman of North Korea's Asia-Pacific Peace Committee, emphatically denied here Wednesday the foreign press report that he had asked the United States for 3,000 tons of emergency rice assistance.

While meeting with reporters at the Narita Airport where he was staying briefly as a transit passenger on his way back from the U.S., Yi said, "That is a lie. I never discussed any rice aid issue."

Asked when he thinks he can visit Japan to discuss the resumption of Japan-north Korea normalization talks, Yi said he has been invited by Japan to visit Tokyo but no definite timing has been fixed.

Yi left Narita for Beijing at 6:10 PM (0900 GMT) aboard UA853 flight.

ROK Not To Offer Rice Aid Unless DPRK Changes Attitude

SK0905021796 Seoul YONHAP in English
0203 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — South Korea will not provide additional rice aid to North Korea unless it changes its attitudes toward inter-Korean dialogue, a senior government official said Thursday.

The official noted that Yi Chong-hyok, vice chairman of the North Korean Workers' (Communist) Party Asia-Pacific Peace Committee, asked the United States to persuade South Korea and Japan to supply more rice to North Korea during his recent visit to the United States.

Some religious and relief organizations recently offered to provide funds and rice in their contacts with North Korea in third countries, but the government will continue to see that the relief be made entirely in the form of goods, not in cash or rice, through the Korean National Red Cross (KNRC), according to the official, who asked not to be identified.

In a related development, the KNRC has turned down a request by a dissident organization, the National Alliance for Fatherland Unification, headed by Yi Chang-pok, to send 80 million won in rice and money it has collected to the North through Red Cross channels, saying it is not desirable to send money and grain to the North.

If the National Alliance changes the grain it has collected into cash and gives it to the Red Cross, the Red Cross will buy relief goods with the the money and send them to the North through Red Cross channels, a Red Cross official said.

The National Alliance has earlier sent National Unification Minister Kwon O-ki a letter asking him to arrange for the KNRC to send to North Korea 65 million won in cash and 102 bags of rice worth 15 million won.

ROK: Low Rice Output, Price Hikes Affecting Rice Supply to DPRK

SK0905004296 (Internet) The Digital Choson Ilbo
WWW in English 1204 GMT 8 May 96

[FBIS Transcribed Text] The government pledged to supply rice to hungry North Koreans but is facing difficulties following through on its promise due to decreasing rice production and unexpected international grain price hikes. International grain prices have increased 32 percent this year. The government also faces difficulty buying rice on the international market given recent price increases.

Moreover, Korea's domestic rice production is continually falling. Korea's rice stock at the end of March was 21.723 million som (1 som = 5.12 bushels). This is just enough for supply to keep up with demand, but next year Korea will have to start importing rice.

Rice production is decreasing at an average rate of 2 million som per year. For instance, this year's fall harvest is expected to be 2.78 million som, a decrease of 2 million som compared to last year. In 1994, moreover, rice production was recorded at 35.13 million som, but in 1995, it was 32.6 million som, a decrease of 2.5 million som. The government is trying to increase the rice production by increasing the production target by 1.1 million som this year. Therefore, if the South Korean government is to provide North Korea with rice, it must purchase it from outside the country.

ROK Red Cross To Give 180,000 Liters of Corn Oil to DPRK

SK0905123296 Seoul YONHAP in English
1116 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The Korean National Red Cross (KNRC) is providing 186,624 liters of edible oil to North Korea as its 4th-phase flood relief goods.

"We, in consultation with the government, are furnishing the corn oil to the North from a humanitarian ground and in response to the call by the International Federa-

tion of Red Cross and Red Crescent (IFRC) for participation in its 2nd-stage flood relief activities for North Korea," a KNRC official said Thursday.

The North Korean Red Cross had asked IFRC for 12,285 tons of rice, 2,730 tons of soybeans and 364,000 liters of edible oil, an amount which the North said 130,000 flood victims need through October this year.

The corn oil to be taken to the North by sea around May 15 will be enough for the flood victims to use for about three months, the official said.

Meanwhile, the National Alliance for Democracy and National Unification has asked the KNRC to deliver to the North some amounts of cash and rice it raised for flood victims in the North, but the Red Cross, in a government policy, cannot furnish cash and food grains to North Korea, according to the official.

"If and when civil organizations hand us the cash and sellable grains they raised in their help-flood-victims drives, the Red Cross would purchase donable items with the money for shipment to the North Korean Red Cross," he said.

ROK, DPRK To Form Joint LWR Inspection Team

SK0905070496 Seoul HANGUK ILBO in Korean
9 May 96 p 1

[FBIS Translated Text] It was learned on 8 May that a South-North joint inspection team will reportedly be set up for the Korean Peninsula Energy Development Organization's [KEDO] project to build light-water reactors [LWR] in Sinpo, South Hamgyong Province, North Korea.

The KEDO and North Korea are said to have agreed in principle to form the inspection team during the fifth site survey for the light water reactors (28 April - 7 May).

ROK: Defectors Claim DPRK Missiles Targeting U.S. Forces in Japan

SK0905023596 Seoul YONHAP in English
0218 GMT 9 May 96

[FBIS Transcribed Text] Tokyo, March 9 [date as received] (YONHAP) — North Korean missiles are targeting U.S. Forces stationed in Japan, former North Korean officials who recently defected to the South were quoted as saying.

The MAINICHI SHIMBUN, a Japanese newspaper, reported that Choe Chu-hwal, a former colonel of the North Korean People's Armed Forces, Hyon Song-il, a former third secretary at the North Korean Embassy in Zambia, and Cha Song-kun, a former agent of the

Workers' Party, made the remarks in an exclusive interview.

Another Japanese newspaper, SANKEI SHIMBUN, carried a similar article a week ago that the U.S. Theater Missile Defense (TMD) plan is partly based on an assumption that North Korea may attack a nuclear power plant and seven U.S. military bases in Japan with its Nodong-1 missiles before invading South Korea.

The defectors also said that Kim Chong-il, de facto leader of the communist country, emphasized that North Korea must not make a concession first in its negotiation with Japan on normalization of bilateral relations.

They denied the rumor that there is conflict between moderates in the Foreign Ministry and hard-liners in the military, saying that Kim Chong-il is in complete control and is handling diplomatic policy skillfully.

ROK Weekly Examines DPRK's Reform, Opening Up

SK0905043296 *Seoul SISA JOURNAL in Korean*
9 May 96 pp 78-79

[Article by Washington correspondent Kim Chae-il: "North Korea Says It Will 'Penetrate Southeast Asian Markets' — North Korean Delegates Attending an 'Economic Seminar on the Korean Peninsula' Sponsored by George Washington University Discloses the Economic Goal"]

[FBIS Translated Text] Where is North Korea's economic policy headed? To what extent will economic reform be possible? How do the United States and North Korea each view the possibility of improving their bilateral economic relations?

A two-day economic seminar concerning the Korean peninsula, which was held in closed session at George Washington University beginning 22 April, was useful for finding answers to these questions. The university's East Asia Institute, whose director is Professor Kim Yong-chin, hosted the seminar; delegates from North and South Korea, the United States, and Japan attended. Leading five economic experts from North Korea was Kim Chong-u, vice chairman of the North Korean State External Economic Affairs Commission. Attending from the ROK were Kim Chin-hyon, president of Seoul City University; Yonsei University Professor Yi Yong-son; O Sung-yol, a senior fellow at the Research Institute for National Unification; and Cho Tong-ho, a fellow at the Korea Development Institute.

According to the ROK participants, the North Korean delegates assumed a very frank and sincere attitude, unlike in the past. For instance, they unhesitatingly stated that "the world has been integrated into the

capitalist market as a result of the collapse of the socialist market." This attracted attention. They also acknowledged that the North Korean economy is facing difficulties and confessed that North Korea's per capita GNP, which stood at \$1,000 when North Korea joined the United Nations five years ago, has dropped to \$719.

During a speech at the seminar, Vice Chairman Kim Chong-u said: "North Korea will adopt significant policies to positively cope with abrupt changes in the external situation." North Korea's trade volume with socialist countries was 70 percent of its total volume up until the late 1980's. Then, when the socialist markets collapsed, North Korea changed its external economic policy. Kim Chong-u said North Korea would make every effort to penetrate capitalist markets and that its priority targets are the Southeast Asian markets.

He said North Korea would adopt work methods universal to global markets, and that it is now seeking to diversify its trade markets in an effort to carry out its trade-first policy. He added that toward this end, North Korea is seeking to boost the production of goods for export and to promote a climate for expanding economic ties with capitalist countries.

Does North Korea truly want reform and opening up? This surely is an interesting question, because many experts think North Korea's reform and opening up will lead to the collapse of the North Korean establishment. In connection with this, participants said the North Korean delegates expressed a negative opinion about using the term reform, adding that the North Korean delegates had a very progressive view about the concept of reform and opening up.

The delegates acknowledged that the North Korean economy has shortcomings. They also seem to fully admit the importance of the competitiveness of commodities and marketing. The delegates expressed a negative opinion about private land ownership, but were positive about the need to make up for any shortcomings in their land ownership system. The participants added that, given the sincere attitude of the North Korean delegates, they got the impression North Korea's economic policy would not be rolled back to the past, and that the North Korean economy will not worsen to any extreme.

However, at every decisive moment, the North Koreans stressed the importance of Kim Il-song's ideology based on socialism. Kim Chong-u made it clear that North Korea's reform is different from that in the PRC or Vietnam. That is, the PRC and Vietnam sought reform to change their own system, while North Korea seeks to change its economic policy in order to maintain its independence based on Kim Il-song's ideology. This means the North Koreans intend to maintain

their current system, even though they have a perfect understanding of changes in the world. Thus, it seems change, reform, and opening up, which the North Koreans are seeking, definitely has its limits.

North Korea seems to believe that achieving success in the Najin-Sonbong free trade zone, which it declared in 1991, is key to resolving its economic difficulties. It intends to connect its economy to the capitalist system through the Najin-Sonbong project. When urging investments in this region, the North Korean delegates stressed that North Korea seeks to give foreign investors such incentives as the lowest wages, tax rates, and transportation expenses. They also pointed out that U.S. investment is indispensable to the Najin-Sonbong region's success and strongly urged the United States to further ease its economic sanctions against North Korea. They insisted that because the United States has not further eased its economic sanctions, other countries are disinclined to invest in North Korea.

North Korea seems to think that the lifting of U.S. economic sanctions is the most urgent task at present. The United States eased its sanctions against North Korea once in January of last year. At that time, the United States lifted its ban on exports of daily necessities and some other commodities and allowed North Korea to use U.S. banks in international transactions. It also allowed U.S.-registered ships to enter North Korean ports and opened U.S.-North Korea telephone links. However, they were symbolic measures that are unlikely to bring about substantial economic effects.

North Korea requests the complete lifting of economic sanctions to ensure that U.S. businesses will freely invest in North Korea, export goods to it, and import goods from it. The North Korean delegates insisted that lifting economic sanctions would affect other countries and greatly contribute to North Korea's economic revival.

In response, U.S. participants expressed their doubts about whether U.S. businesses would invest in North Korea even if the United States lifted its sanctions, adding that it is important to first promote a climate favorable to investment. Ann Kambara, a Korea desk officer of the U.S. State Department, said: The driving forces behind the U.S. economy are businesses. Therefore, if North Korea proves attractive to U.S. businesses, U.S. policy will have no choice but to follow their lead. She asked North Korea to adopt and carry out policies to make the lifting of economic sanctions possible, instead of merely insisting on it.

The U.S. economic sanctions against North Korea are not purely an economic issue, but a political issue. Just like North Korea is using the nuclear card, the

United States seems to be using economic sanctions as a card for a variety of purposes. In particular, the ROK Government is virtually obstructing the United States from further easing economic sanctions against North Korea. The issue concerning the economic sanctions is closely linked to the U.S.-North Korea missile talks, the ROK-U.S. proposal for four-party talks, and various other issues.

However, it is clear that the U.S. economic sanctions are being eased. Kenneth Bailes, an official of the Bureau of East Asian and Pacific Affairs, said over the telephone: "The U.S.-North Korea political and economic relations are being improved following the Geneva talks. Even though no decision on the timing has been made, the United States is ready to ease its economic sanctions. Before that, North Korea must take some measures that include showing sincerity in the missile talks."

ROK: DPRK Official Says South's Investment in Najin-Sonbong Wanted

SK0905064296 Seoul YONHAP in English
0634 GMT 9 May 96

[FBIS Transcribed Text] Beijing, May 9 (YONHAP) — North Korea wants South Korean businesses to invest in its free trade zone in Najin-Sonbong on the northeastern coast, a senior official from Pyongyang said here Thursday.

Kim Chong-u, chairman of North Korea's Committee for the Promotion of External Economic Promotion, told South Korean reporters that the free trade zone's development is not going well because South Korean businesses have not been participating. When asked about the progress of the free trade zone development project.

He was attending a two-day international symposium on the construction of a new trans-Eurasian railroad which ended here Thursday.

Commenting on the possibility of inter-Korean Government-level talks on guaranteeing investment yield for South Korean businesses investing in the Najin-Songbong area, he ruled out such a possibility, saying the basic Seoul-Pyongyang agreement signed years ago already provides such a guarantee and for the personal safety of South Koreans working in the North.

He said he hopes Seoul will not restrict South Korean businesses planning to invest in the Najin-Sonbong area, and added that foreign companies are about to become leading investors in the area.

At the close of the symposium, Kim met a delegation from Japan's Federation of Economic Organizations

(Keidanren) to discuss Japanese corporate investment in infrastructure construction in the Najin- Sonbong free economy and trade zone.

He said he would visit Japan in mid-July at Keidanren's invitation to hold investment briefing sessions for Japanese businesses.

Negotiations are already underway with Tokyo engineering and other Japanese firms considering investing in the area, he added.

On Wednesday afternoon, Kim and chief delegates from other countries and international organizations at the symposium called on Chinese Premier Li Peng to have talks at the Chinese Government's request.

ROK: Correction for 'Kim Yong-chu on DPRK Economic Reform'

SK0705235096 Seoul YONHAP in English
0920 GMT 7 May 96

[Correction for SK0705093596, published in the 7 May EAST ASIA DAILY REPORT on p 40; correcting headline]

Make headline read "Kim Chong-u Comments on Plans for DPRK Economy" (correcting name of official).

ROK: Majority of DPRK Leaders Said Suffering From Geriatric Diseases

SK0905125796 Seoul CHUNGANG ILBO in Korean
9 May 96 p 10

[Article by Kim Yong-ho: "Serious Aftereffects of Aging of North Korean Officials"]

[FBIS Summary] According to "sources well-versed in North Korean affairs and the North Korean media's recent reports on leadership appearances," the majority of leading officials of North Korea's party, government, and military are suffering from "diabetes and other geriatric diseases" or are affected by "senility."

In the case of Premier Kang Song-san, he has failed to carry out any official activities for the last seven months due to worsening diabetes. Kang's recent public activities, as reported by North Korean media, included a brief visit to Mansusan Memorial Place, along with other party, government, and military leaders, on New Year's Day. However, the North Korean news media is still reporting on telegrams he has sent to foreign leaders, suggesting he holds his title in name only.

Vice President Kim Yong-chu, who has not showed up for four months, is "showing symptoms of Alzheimer's disease" and is currently living in seclusion at his country house in the vicinity of Pyongyang.

Yi Ul-sol, director of the General Security Bureau of the Ministry of People's Armed Forces, has failed to attend the ceremony marking Kim Il-song's birth anniversary and the ceremony marking the 64th anniversary of the founding of the Army since he was last seen on 19 February. His failure to attend the Army founding ceremony is unusual "in view of his military experiences and his status in the military."

Choe Kwang, minister of the People's Armed Forces, once had "breathing problems" and is reportedly in a bad state of health.

Party Secretary Kim Kuk-tae has not showed up at major events since last February.

As for the vice premiers, who are mostly economic experts, the situation is more serious. Kim Hwan, vice premier as well as minister of chemical industry, was last seen at a movie premier held last September.

Vice Premier Kim Chang-chu has also not appeared since last October. Vice Premier Kong Chul-tae, who has been rumored to have been appointed to a position where he is totally responsible for the Najin-Sonbong free economic zone, has not showed up even once this year, indicating that he has "health problems." "Three out of nine vice premiers reportedly have symptoms of physical abnormalities."

According to North Korean media, among the vice premiers, only Kim Pok-sin and Kim Yun-hyok participated in the party and government cadres' visit to factories and complexes on May Day, hinting that the majority of them have "difficulties carrying out normal affairs due to their health problems."

Along with this, Kim Chong-u, vice chairman of the External Economic Committee, is reportedly suffering from "mental depression resulting from a disorder of his physical functions," and former Vice Premier Kim Tal-hyon, manager of the 8 February Vinalon Plant, is rumored to be an "alcoholic."

The whereabouts of Pak Nam-ki, who has been relieved of his position as chairman of the Pyongyang Municipal Administrative and Economic Committee, is not known.

Following the death of O Chin-u, former minister of the People's Armed Forces, North Korean newspapers and magazines have "frequently introduced dietetic treatments for diabetes and obesity," reflecting that high-ranking officials have health problems. In fact, all of the 13 high-ranking officials who have passed away since last year have reportedly died from "chronic or acute diseases."

**ROK: Visit to Japan by DPRK Trade Official
'Highly Likely'**

SK0905094796 Seoul YONHAP in English
0756 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The International Bureau Director of the North Korean Foreign Ministry, Kim Pyong-hong, is highly likely to visit Japan toward the end of this month, a Seoul official said Thursday.

The official disclosed that the Pacific Rim Research Institute in Japan, headed by Prof. Kim Chong-myong of Aomori University, has invited Kim to a symposium on the security of the Korean Peninsula slated for May 24-25.

Kim is currently leading the North's delegation in its ongoing negotiations with the United States to repatriate the remains of American soldiers killed in the Korean war.

ROK, PRC Hold Talks on Tourist Protection, Visa Issues

SK0805005496 Seoul THE KOREA TIMES in English
8 May 96 p 2

[FBIS Transcribed Text] China has promised to deal sternly with North Koreans involved in crimes committed against an increasing number of South Korean travelers in China-North Korea border areas, a Foreign Ministry official said yesterday.

Korean and Chinese government representatives held a meeting in Seoul to discuss this and a wide range of other consular affairs questions, including the large number of illegal Chinese residents in Korea, contract marriages between Korean men and Korean-Chinese women, Chinese industrial trainees here and the issuance of multiple visas.

"The Chinese government assured us that it will do its best to seek a solution to illegal acts by North Koreans taking place in Chinese territory against South Koreans," said Kang Ung-sik, director general of the Foreign Ministry's overseas residents and consular affairs bureau.

He led the Korean delegation to the talks with the Chinese team headed by Zhang Hongxi, director general for consular affairs.

However, the Chinese delegation did not respond to Seoul's request for a quick settlement of the alleged abduction of a South Korean pastor by North Korean secret agents. Rev. An Song-un of the Yoido Full Gospel Church was abducted last year while involved in missionary work in the China-North Korea border

area and China has not yet officially concluded an investigation into the incident.

ROK, Russia To Hold Joint Economic Committee Meeting This Fall

SK0905070596 Seoul HANGYORE SINMUN
in Korean 9 May 96 p 1

[Report by Kang Tae-ho from Moscow]

[FBIS Translated Text] On 8 May, the ROK and Russia agreed to hold a Joint Economic Committee meeting in Moscow this fall with the two countries' economic premiers attending as chief representatives.

To promote "relations of reciprocal partnership," they also decided to hold negotiations on signing agreements on judicial cooperation, diplomatic visa waiver, and mutually recognizing undergraduate and graduate courses.

ROK: Kim Yong-sam Discusses Asian Development, 4-Way Talks Proposal

SK0905122896 Seoul YONHAP in English
1028 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — Following is the gist of President Kim Yong-sam's speech given at the opening reception of the Seventh Annual Corporate Conference of the Asia Society:

"Today Asia is driven by its amazing dynamism and virtually limitless potential and is the locomotive for the growth of the world economy. Following the rapid growth of Singapore, Hong Kong, Taiwan and the Republic of Korea, the member countries of the Association of Southeast Asian Nations (ASEAN) took the road toward industrialization beginning in the 1980s and are proceeding smoothly down it.

"As China, Vietnam and India have begun to open up in earnest, the economic development of Asia in general is accelerating. Asia, unlike other regions of the world, has been able to enjoy sustained growth and prosperity primarily because it adopted an outward-looking market economic system.

"Korea will be in the forefront of the move to implement the ideal of liberalizing investment and trade and will help lay a bridge between advanced and developing countries.

"Many specialists predict that Asia will emerge as the main player in the age of globalization in the 21st century. The upcoming century will bring challenges as well as opportunities for Asians.

"Lest it should let such challenges and opportunities pass by, I believe, Asia must further open up and

actively move toward globalization. In order to meet the new century successfully, I think, each and every country of Asia must place emphasis on the following four points:

"First, efforts to liberalize trade and investment should be increased. The Asia-Pacific region is now trying to remove barriers to trade and investment through major efforts centered on the Asia-Pacific Economic Cooperation Forum that advocates 'open regionalism.'

"These efforts by the Asia-Pacific Region will positively contribute to the development of the World Trade Organization (WTO) regime and to the successful establishment of a multilateral free trade system, thereby spurring the more balanced development of the world economy. Liberalization of trade and investment should and will enable the Asian region to accelerate economic growth and improve the quality of life.

"Second, cooperation within the Asia-Pacific region must be further strengthened so that the region's dynamism may be brought into full play. The countries in the Asia-Pacific region, with their different levels of development and different endowments of natural resources and other factors of production, make up a mutually complementary economic structure.

"The task Korea will take on is to promote the continued growth and development of the Asia-Pacific region by helping to strengthen cooperation within the region so as to fully utilize its diverse resources. One good example of such regional collaboration will be the Mekong River Basin Development Project in which major Asian countries, including Korea, are taking part.

"Third, Asia must further strengthen exchanges and cooperation with other regions of the world such as the Americas and Europe. As globalization is likely to proceed into the 21st century, the triangular cooperative relations between North America, the European Union (EU) and Asia are expected to further deepen.

"Now and in the future, the world's three major economic spheres should cooperate with one another in the manner of a 'positive-sum game' in which everyone gains, instead of competing with one another in what may turn out to be a 'zero-sum game' in which some gain while others lose. Asia and North America should and can increase cooperation through APEC, and Asia and Europe should and can do so through ASEM.

"Fourth, within these regions, there should be increased dialogue on security. Efforts to prevent disputes within the region and resolve disputes peacefully need to be strengthened. In particular, peace on the Korean Peninsula is crucially important for the maintenance of peace and stability in Asia.

"On April 16, I, along with U.S. President Bill Clinton, proposed to hold four-party talks between South and North Korea as well as the United States and China to establish peace and stability on the Korean Peninsula. This is a most reasonable proposal, and it is North Korea that would benefit the most if the talks come through. I hope that North Korea will respond positively to this proposal, and I hope and expect that you who also want to see permanent peace on the Korean Peninsula will extend full support."

ROK: Kim Yong-sam Meets Uzbek Parliamentary Delegation

SK0405012696 Seoul YONHAP in English
0039 GMT 4 May 96

[FBIS Transcribed Text] Seoul, May 4 (YONHAP) — President Kim Yong-sam was paid a courtesy call by five members of Uzbekistan's National Assembly, including Speaker Erkin Khalilov, Saturday morning at Chongwadae (presidential offices) and discussed ways of boosting bilateral ties and cooperation.

Kim requested to the five parliamentarians that Uzbekistan maintain an interest in promoting bilateral relations between the two nations, and expressed his thanks for the support extended by the former Soviet Republic to its resident ethnic Korean population, estimated at 220,000.

Khalilov arrived in Seoul Friday at the invitation of his Korean counterpart, Hwang Nak-chu, and will stay here until Monday.

ROK: Kong No-myong, Austrian Counterpart Discuss Talks Proposal, OECD

SK0305020196 Seoul YONHAP in English
0122 GMT 3 May 96

[FBIS Transcribed Text] Vienna, May 2 (YONHAP) — South Korean Foreign Minister Kong No-myong visited Austrian Prime Minister Franz Vranitzky in his office here Thursday to discuss matters of mutual concern including the international situation on the Korean peninsula.

Kong delivered a personal letter from South Korean President Kim Yong-sam to the Austrian prime minister and explained South Korea's position on the so-called "four-party talks" and Vranitzky expressed his interest in the talks which were proposed by South Korean and U.S. Presidents in their April 16 summit meeting to establish a permanent peace regime on the Korean peninsula.

The four-parties involved are South and North Korea, the United States and China.

South Korean Ambassador here Yi Sung-kon accompanied Kong to the meeting.

Kong also explained South Korea's efforts to overcome the obstacles Organization for Economic Cooperation and Development (OECD) member countries pointed out in relation to Seoul's bid to join the OECD, and Vranitzky expressed Austria's support of South Korea being admitted to OECD.

Kong also said that South Korea hopes to become a permanent participant in the Organization for Security and Cooperation in Europe (OSCE), explaining that Europe's experience with security affairs could help South Korean efforts to establish peace on the Korean peninsula.

ROK: Foreign Minister Returns From Overseas Tour

SK0905022296 Seoul YONHAP in English
0206 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — Foreign Minister Kong No-myong returned to Seoul Thursday, winding up his 13-day tour of South Africa, Austria and Russia seeking support for Seoul's four-way talks proposal to establish a permanent peace regime on the Korean peninsula.

In Johannesburg, the first leg of his three-nation tour, Kong attended the ninth general assembly of the United Nations Conference on Trade and Development (UNCTAD) and, on the sidelines of the assembly, met with his Japanese counterpart Yukihiko Ikeda on the four-party meeting and other issues of bilateral concern.

In Austria, Kong met with Prime Minister Franz Vranitzky and Foreign Minister Wolfgang Schuessel to seek support for the new initiative of Seoul and Washington for a peace regime to replace the existing armistice agreement on the Korean peninsula.

During his visit to Moscow, Kong met with Russian Foreign Minister Yevgeniy Primakov and Russian parliamentary leaders and sought the Russian Government's understanding of the four-way peace talks.

ROK: Prime Minister Yi Leaves on Visit to European Nations

SK0905011196 Seoul THE KOREA TIMES in English
9 May 96 p 1

[FBIS Transcribed Text] Prime Minister Yi Su-song left Seoul yesterday for official visits to Turkey, Poland, Hungary and Romania May 9-22 as part of Korea's efforts to deepen bilateral relations with the central and eastern European countries.

Yi is scheduled to hold talks with political and economic leaders of the four countries to expand Korea's diplomatic horizon in the region and seek balanced ties between western and eastern European countries.

It will mark the first visit by a Korean prime minister to the region following the restructuring of Europe's landscape with the end of the Cold War.

Prime Minister Yi, accompanied by an eight-member official entourage, including Vice Foreign Minister Yi Ki-chu, will also meet Korean business leaders based in the region and tour joint-venture facilities.

Yi will first visit Turkey, where he will hold a meeting with his counterpart Mesut Yilmaz and make a courtesy call on President Suleyman Demirel.

Prime Minister Yi will visit Poland May 13-16, where he will hold talks with President Aleksander Kwasniewski and Prime Minister Wlodzimierz Cimoszewicz.

It will mark the first visit by a prime minister-level Korean official since 1989, when the two countries established diplomatic relations.

Seoul has stepped up political relations with Poland, which is a member of the Neutral Nations Supervisory Commission (NNSC) monitoring the armistice system on the Korean peninsula.

Following his visit to Poland, Prime Minister Yi will leave for Hungary May 16 for a three-day visit, where he will hold talks with President Arpad Goncz and Prime Minister Gyula Horn.

Hungary was the first East European country to establish diplomatic relations with Korea, and the two countries have maintained friendly ties through high-level visits.

Yi's final destination is Romania, where he will meet President Ion Iliescu and Prime Minister Nicolae Vacaroiu.

ROK Defense Minister To Visit Japan, Thailand, Saudi Arabia

SK0905032296 Seoul YONHAP in English
0221 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — Defense Minister Yi Yang-ho will leave on an official trip to Japan, Thailand and Saudi Arabia Monday, the Defense Ministry announced Thursday.

Yi is scheduled to meet his counterparts in the three nations to discuss ways to promote military relationships and exchange views on mutual concerns, a ministry spokesman said.

The minister will also explain the background and purpose of the recent four-country talks proposal which is intended to initiate negotiations for establishing a permanent peace agreement on the Korean peninsula.

Minister Yi is visiting Japanese Defense Minister Seishiro Eto's to return his visit to Seoul last year. His visit is noteworthy in that it is taking place in the wake of the recent Korea-Japan territorial dispute involving the Tokto islets in the East Sea [Sea of Japan].

He will return on May 22.

ROK: Prosecution Confirms Chon Hid Slush Funds in Bonds

SK0905005996 (Internet) The Chungang Ilbo WWW in English 9 May 96

[FBIS Transcribed Text] Prosecutors investigating the slush fund case of former President Chon Tu-hwan, confirmed Wednesday that Chon had re-purchased industrial finance bonds with 90 billion won among the 140 billion won in slush funds which he has kept since 1992.

Prosecutors have issued an order to Chon through his lawyer Yi Yang-u that any remaining slush funds (which are believed to be dispersed and hidden among Chon's family members and relatives) be voluntarily returned. If necessary, prosecutors plan to launch an official investigation of Chon's relatives as well.

ROK: Interest Reportedly Waning in Trial of Ex-Presidents

SK0705004896 (Internet) The Digital Choson Ilbo WWW in English 1227 GMT 6 May 96

[Unattributed article: "Fever for Former President Trials Has Cooled"]

[FBIS Transcribed Text] At the front gate of the District Court of Seoul at 6 a.m. Monday (2100 GMT 5 May), only 20 or so people stood in line for tickets to the seventh round of hearings for former President Chon Tu-hwan and his associates, on acts of military rebellion and the Kwangju Incident. By 9 a.m., their ranks had filled out to 50, still short of the 80 person limit allowed to the general public. There was also a noticeable absence of scalpers, who, on other occasions, camped out overnight to receive tickets which they could in turn sell at enormous profits between 500,000 won to 1 million won a piece.

Demonstrators, who on previous occasions, demanded, "punishment for the killers," were also gone, as were "victims of the New Military-Group" who threw eggs at busses conveying Chon, No, and their supporters. An official of the court said that as the trial lengthens,

public interest is waning, and will probably continue on a downward trend until the sentencing.

ROK: Court Extends Deadlines for Warrants Against No, Bodyguard

SK0905095196 Seoul YONHAP in English 0738 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The Seoul District Court on Thursday extended by six months the legal deadline for the arrest warrants against former president No Tae-u and his former chief bodyguard Yi Hyon-u to continue their trial while continuing to hold them in jail.

Presiding Judge Kim Yong-il of the court's criminal panel handling their cases made the extension by issuing, in exercise of his authority, new warrants for No on additional charges of mutiny and insurrection and for Yi on new charges of aiding and abetting in No's bribery case.

Both initial warrants were issued in the middle of last November for bribery charges and will expire May 15 and 16, respectively.

If they are set free while on trial, it is feared that they will destroy evidence, the judge said in the new warrants.

The court is also expected to take similar steps against former president Chon Tu-hwan and his aides if their mutiny and insurrection trial does not end before the legal June 2 deadline for the warrants issued for Chon and July 9 for the others.

ROK Article Describes Background of New NKP Chairman Yi Hong-ku

SK0805023296 Seoul THE KOREA TIMES in English 8 May 96 p 2

[FBIS Transcribed Text] The ruling party's new chairman Yi Hong-ku is known as man of "suave character" and noted for having no enemy during his academic and public life career.

His character is frequently described as "flowing water" because he has easily and effectively adjusted himself to the given circumstances and the needs demanded. More often than not, his seemingly aloof attitude toward powerful positions and modest remarks made him look like a scholar than a politician.

However, owing to his realistic approach to political issues without pushing opponents all the way to down to the subjugation, he earned a nickname of typical American pragmatist. And this particular ability of coordinating as well as his suave character, which is

rare among political circle, has made him look true politician. [sentence as published]

He has been considered a proper figure to manage the New Korea Party [NKP] whose leadership is likely to be shaken due to expected infighting for next year's presidential nomination race. Since he has repeatedly vowed his firm position not to run for the presidency, his appointment was hailed among the presidential hopefuls in the ruling camp.

Asked how he will manage the party as a chairman, he said, "I was told to do two things by party president Kim Yong-sam. One is to materialize the NKP's election promises and the other is to put the nation's politics on the next higher plane. These two, which are the wishes of the people as well as that of President Kim, will be done."

Regarding the party's in-house presidential nomination, he said, "I understand that none of the hopefuls want to see the issue rise prematurely this year." Asked what he thinks of the opposition camp's allegations that the ruling NKP committed numerous election campaign violations, he denied them saying, "As an NKP election campaigner I had chances to go across the country many times, I would rather say that the campaigns were conducted fairly."

Born in 1934 to an affluent family in Seoul, he entered the law department of Seoul National University [SNU] and later earned his Ph.D of politics at Yale University.

He had been a professor of politics in SNU from 1968 until he joined the government in 1988 as unification minister under former president No Tae-u. In 1994, he was named as vice-premier and unification minister and later that year became prime minister under the incumbent President Kim Yong-sam.

He has a son and a daughter with his wife Pak Han-suk, 48. He spends his free time on climbing mountains and traveling.

ROK: NKP To Announce 'Middle-Echelon' Appointments Next Week

SK0905074296 Seoul YONHAP in English
0706 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The ruling New Korea Party [NKP], following the appointment Wednesday of key postholders, plans to announce new middle-echelon postholders as soon as early next week, Secretary General Kang Sam-chae said Thursday.

Included among such posts are Planning-Coordination, Organization, Public Information Committee chairmen and senior deputy floor leader.

The government party also plans to complete by next week the selection of Central Executive Council members and advisors as well as senior officials of the Secretariat.

Kang, apparently referring to Yi Hoe-chang and Pak Chan-chong, who led the NKP's general election campaign, said, "We intend to appoint as advisors those who would face difficulties in being named Executive Council members."

On the selection of National Assembly speaker and parliamentary Standing Committee chairmen, however, Kang said, "They will be chosen in the process of negotiations with the opposition."

Three opposition parties have threatened to boycott the opening session of the 15th National Assembly, slated for early June, demanding that the ruling camp halt its attempts to recruit opposition and independent lawmakers-elect in a bid to secure a parliamentary majority.

"Multi-channel contacts with the opposition including that of floor leader will be initiated next week," Kang said, adding, "if necessary, we are willing to arrange a secretaries-general meeting."

But Kang made it clear that his party's enticement of legislators-elect will continue, saying, "We cannot understand the opposition's persistent offensive taking our recruitments for an immoral maneuvering. It's not a problem opposition parties should intervene in, but our own problem."

ROK: Opposition Legislative Committee To Improve Election Laws

SK0905095096 Seoul YONHAP in English
0735 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The opposition camp has decided to study ways to establish a special committee in the 15th National Assembly in an effort to improve election-related laws to insure fairer election campaigns, Kim Yong-hwan, secretary-general of the United Liberal Democrats (ULD), said Thursday.

Kim, after contacting Rep. Han Kwang-ok Wednesday, secretary-general of the main opposition National Congress for New Politics (NCNP), said he agreed with Rep. Han that the political circle needs to make joint efforts to prevent institutionally corrupted election campaigns.

They declared that the April 11 general elections were generally rigged elections, Rep. Kim said.

In the elections, the ruling New Korea Party (NKP) failed to secure half the parliamentary seats, earning 139 seats, while the NCNP won 79 seats and the ULD 50. But the NKP induced independent lawmaker-elects to join the ruling party and has increased the number of its seats to 145.

Rep. Kim said, "Rep. Han and I agreed that if the ruling party and the government change their attitudes to accept from their heart people's hope, then ruling and opposition parties will jointly form a special committee in the National Assembly."

The election-related laws include integrated election law and political fund law.

ROK: Opposition Parties Forming Team To Probe Election Fraud

SK0805053696 Seoul YONHAP in English
0513 GMT 8 May 96

[FBIS Transcribed Text] Seoul, May 8 (YONHAP) — Three opposition parties agreed Wednesday to form a joint election fraud investigation team that will consist of five members from each party to look into alleged illegal electioneering in the April 11 general elections.

The agreement was reached at a meeting of the "six-member election fraud probe committee," which is made up of representatives from the National Congress for New Politics, the United Liberal Democrats and the Democratic Party. The meeting was held at the National Assembly.

The joint team will be sent to 25 electoral districts across the country to investigate the "most flagrant" election law violations allegedly committed by successful ruling New Korea Party candidates during May 10-25.

The three opposition parties also agreed to organize a 28-member group of lawyers, lawmakers and former lawmakers, to handle legal proceedings involving election frauds.

It was also agreed that a letter urging a fair investigation of election law violations would be delivered to Prime Minister Yi Su-song next Tuesday.

The three parties plan to publish an election fraud whitepaper sometime toward the end of this month.

ROK Editorial Criticizes 'Migration' in Party Affiliation

SK0805012296 (Internet) The Digital Choson Ilbo
WWW in English 1203 GMT 7 May 96

[Editorial: "Changing the Party Register"]

[FBIS Transcribed Text] The ruling and opposition parties are speeding toward a head-on collision with their opposing actions of enticing newly elected members to switch parties, and boycotting the National Assembly. Though both sides have their ready rationalizations, we should condemn those National Assembly members who have left their own parties amidst rumors of enticements by the ruling party, and the independent members who have done the same.

According to current laws, those members of the National Assembly selected by regional elections can change party affiliations without breaching any regulations. This measure was instituted to prevent politicians from becoming political puppets of the party or party leaders, and in theory, allows them to act according to their consciences. Nationally elected members, however, do not have this same privilege, and in fact, lose their seats, should they switch parties.

This allowance to switch parties, however, creates the side-effect of political migration, at the least, or at worst, political opportunism. As we watch this childish game of politics played out before us, we see that it becomes necessary to restrict the movement of members between parties, and to independent status.

While campaigning, most of the independents originally pledged to their constituents something along the lines that, "I will never join forces with the ruling party." With the election results in, however, and seats secure, independents have succumbed to the beckoning of the ruling party one by one, without consulting their electorate, much less explaining the move. From the harsh criticisms of the ruling party during pre-election campaigns, the independents have changed their tune, and are now preparing for their migration as if they had never declared any such accusations.

Of course, the ruling party maintains that all movements by members to the ruling party have been voluntary, while the opposition insists that all have been coerced. With such diametrically opposed views, it is impossible to derive order, or to take appropriate legal action. Perhaps it is time to implement a recall system for those who cannot seem keep their promises to their constituents. We cannot continue to allow people who tell us one thing before the elections and another afterwards, to represent our best interests.

ROK Finance Ministry Plans To Launch Open Price System

SK0805012096 (Internet) The Digital Choson Ilbo
WWW in English 1206 GMT 7 May 96

[FBIS Transcribed Text] The Board of Finance and Economy [Ministry of Finance and Economy] announced Tuesday that the current system of price indication for industrially manufactured goods will be phased out over the next 2-3 years. The current system, where the manufacturer provides both a factory price and suggested retail price, effectively confers a fixed price system on the economy. The changes in the system will allow competition by doing away with the manufacturers price indicators, and only displaying the retailer's desired price.

Meetings to finalize the changes will be carried out in June. The plan will affect electric home appliances, cosmetics, and clothes.

ROK Government Begins Inter-Ministerial 'Transparency' Campaign

SK0805041696 Seoul THE KOREA TIMES in English
8 May 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] An inter-ministerial campaign has started to root out ambiguous rules as part of the effort to promote transparency in the economic administration.

Ku Pon-yong, senior presidential secretary for economic affairs, yesterday presided over a meeting with representatives of 10 economic-related ministries in hopes of sharpening international competitiveness.

In the meeting, he told the ministries, including the Ministry of Finance and Economy, to root out confusing and arbitrary wordings in 2,724 economic rules before June next year.

When the government is unable to eliminate existing rules for the macroeconomic benefit of the nation, wordings of the rules must be made simple and easy to understand, he added.

In addition to easing business rules, he said the government must make efforts to clarify arbitrary, confusing and sometimes non-transparent wordings. For example, no rules will contain such adjectives as "sufficient, necessary, reasonable and faithful." These ambiguous wordings leave room for corruption in bureaucracy and arbitrary interpretations, according to the report.

The best example of this is the Public Sanitary Law, which states that accommodation facilities, including motels, must have "adequate size parking lots" and a

"sufficient" number of beds to get a business license. But applicants, when they contact the government, are confused about the exact definition of "sufficient" and "enough."

The Ministry of Health and Social Affairs was asked to give the exact statistical numbers for the size of parking lots and number of beds in the regulations.

Another example is the rule on the standards for the registration of refrigerated warehouses.

In the Law on Cargo Distribution Facilitation, the registration guidelines say, "The warehouse must have sufficient power to withstand outside pressures and reasonable ventilation equipment." The definitions of "sufficient" power and "reasonable" ventilation are frequently questioned by businessmen.

Such confusing legal terms like special permit, permission, licensing, approval, reporting, designation, registration and confirmation will be streamlined and simplified to enable people to understand the legal wordings in regulations easily, it said.

Even though the government allowed businesses to initiate specific projects "only through registration or reporting," there were times when the government refused to accept the registration and reporting. This practice is regarded as a de facto permit system in Korea, it said. In such a confusing case, the government will make clear the strict differences between registration and permit systems, it said.

Commissions and committees empowered to issue business permits and licenses must set out clear-cut and detailed guidelines for accepting or rejecting business applications. Unless they do so, these panels will be disbanded, the report said. Many government committees have been acting as deliberate safety nets to regulate business activities, a Ministry of Finance and Economy official said.

Many rules that are out of tune with reality will also be streamlined because these outdated codes make many innocent citizens and businessmen criminals, it said.

When the central government delegates authority to local autonomous bodies, it must set out basic guidelines so that these autonomous units do not make rules more complex and complicated, it added.

Participants in the meeting said that the government decided to make rules transparent as criticism is mounting both at home and abroad concerning the ambiguous and arbitrary nature of business rules.

The Organization for Economic Cooperation and Development and many Western countries, including the

United States, have complained about the alleged cumbersome and complex wording and nature of Korean rules.

American bankers said regulators are moving to address transparency problems, but international banks continue to be hampered by ambiguous and sometimes outdated regulations subject to various interpretations by different regulatory authorities.

They said regulations are sometimes unevenly applied, adding that regulatory compliance is a top priority for American and other international banks that seek continued clarification of regulations without creating further restrictions on their scope of business, or new clear regulations that make strict compliance a practical impossibility, they said.

ROK: Economists Warn of 'Possible Failure' in Push for Soft Landing

SK0705025796 Seoul THE KOREA TIMES in English
7 May 96 p 9

[Article by staff reporter Sa Tong-sok: "Korea's Pursuit of Soft Landing Faltering: Economic Indicators Point to Downturn"]

[FBIS Transcribed Text] Korea's pursuit of an economic soft landing is hitting a snag with major economic indicators pointing to a deep downturn recently.

Economists warn of the possible failure in Korea's push for a soft landing, terming the latest downturn as not temporary.

But government officials say it is too premature to say that the Korean economy is moving toward a hard landing.

March statistics showing the nation's industrial output, in particular, were poor. Industrial production rose a moderate 5.8 percent in March compared to the same month of last year, the smallest gain in 25 months.

Output in the manufacturing sector recorded an 8.5 percent rise, hitting a 25-month low. Production in the light industrial sector fell 4.7 percent, the worst performance in 25 months.

Corporate capital investment was sluggish. Domestic machinery orders in the first quarter of the year rose 9.7 percent, compared to the 45.4 percent year-to-year gain in the first quarter of 1995.

In March alone, domestic machinery orders fell 5.1 percent, indicating that corporate capital investment had slowed significantly.

Exports are also hitting a snag. During the first quarter of this year, exports recorded a 17.9 percent increase on

a customs clearance basis, but export growth dropped to 5.5 percent in April.

Inventories are rising at an alarming pace. As of the end of March, inventory growth reached 19.1 percent, the highest rate in 49 months.

The current account imbalance has already become a structural problem with the soaring invisible trade deficit. In the January-March period, the current account shortfall exceeded \$4.1 billion, nearly two-thirds of the government's annual goal set at \$6.5 billion.

Inflation has been contained successfully with an inflation rate of 2.9 percent in the first four months of the year, but economists express concern about spiraling international prices of major raw materials.

Wheat, corn and other agricultural produce prices have shown sharp increases, while public transport rates such as bus fares are expected to be adjusted upward beginning July 1.

Prices of tobacco and petroleum products will be raised from July 1 with a 20 percent education tax slapped on them.

Despite the deep economic slowdown the Bank of Korea says Korea's economic growth rate will reach 7 to 7.5 percent this year, buoyed by brisk activity in the global economy.

"Our analysis shows that exports recorded a temporary slowdown in April due largely to the April 11 National Assembly elections. But we expect exports to recover at a fast pace, riding on the strong activity in the world economy," a central bank official said.

ROK: Special Law To Control 'Regional Resistance' to National Projects

SK0505023996 (Internet) The Digital Choson Ilbo
WWW in English 1209 GMT 4 May 96

[Editorial: "Special Law for National Projects"]

[FBIS Transcribed Text] The government has announced plans to create a special law which will control the negative effects of regional resistance on the efficiency of national projects. Already this year, several projects have been stalled by local resistance. Construction licenses of two Yonggwang nuclear plants were cancelled because of local resistance, while the construction site of Yonghungdo Fire Power Station was taken over by local residents. A highway project for the new Incheon Airport was also threatened by problems raised by the City of Incheon.

If this situation continues, Korea will become a third-rate country, where there is a shortage of electricity, a

gridlock of transportation, and a scarcity of air and sea ports. Thus, it is understandable that the government wants to push forward with projects of national scope, even going so far as to create a special law to ensure their implementation. Before the government proceeds too far, however, administrators need to take the time to reflect on why there is so much local resistance to these projects.

First, the current method of policymaking should be revamped. Announcing project plans and then tacking on appraisals of environmental and socioeconomic effects as an afterthought, before consulting the people even once is ineffective and only invites uproar. Rather, investigating the effects the project will have on the environment and the social and economic arenas should be part of the decision making process. If the appraisals are handled professionally, based on scientific methods and taking into consideration the socio-economic factors, then the government will at least have some justification against local opposition, and can make appropriate compensation to local residents.

The special law is currently being shaped on the principle that once a project has been confirmed by the national government, it should not be necessary to garner permission from local level authorities. However, conflict between the two levels of government was forecast when the system of local autonomy was first introduced. Thus it is not completely unreasonable that local governments should expect to have authority over projects that fall in their administrative jurisdiction. It is important that the local government respect national decisions which fall outside of their responsibilities, however. What we need, at this point, is a mutual spirit of cooperation and willingness to compromise between both levels of government.

ROK Education Ministry To Ease Some Regulations

SK0505023496 (Internet) The Chungang Ilbo WWW in English 5 May 96

[FBIS Transcribed Text] The Committee on Easing Educational Regulations under the Ministry of Education announced Saturday that it will eliminate a total of 342 administrative regulations including the total elimination of 180 administrative orders and the partial elimination of 7 provisions.

According to the revisions, junior college freshmen will be able to change their major and transfer to other universities beginning this year. Also, schools will no longer have to keep 15 record books including daily study journals, or submit a variety of documents

such as reports on school trips to the Educational Administration.

ROK: President Orders FTC To Regulate Trading by Chaebol Affiliates

SK0305062396 Seoul YONHAP in English 0551 GM 3 May 96

[FBIS Transcribed Text] Seoul, May 3 (YONHAP) — President Kim Yong-sam instructed the Fair Trade Commission (FTC) Friday to strictly regulate insider or intra-mural trading between companies affiliated with large corporations.

This would help small and medium-sized businesses to grow on their own, Kim declared, noting that the conglomerate subsidiaries often survive fierce competition with the support of their parent or sister companies in the form of insider trading.

Kim was speaking at Chongwadae [presidential offices] after FTC Chairman Kim In-ho briefed him on the FTC's business programs.

The FTC should focus its programs on preventing economic and financial power from converging in a small number of conglomerates and ensuring that business groups or chaebol make their management transparent, the chief executive stressed.

As the nation's sole fair trade regulator, the FTC should also coordinate policies promoting fair trade practices that are now being pushed for by many government ministries and agencies for policy consistency.

Chairman Kim reported that the ceiling on mutual debt payment guarantees between subsidiaries of the nation's 30 largest business groups now set at 200 percent of the guarantor firm's equity capital would be lowered to 100 percent by 1998, adding the system itself would be scrapped altogether by 2001.

To prevent economic power from converging in conglomerates, he said, business groups will be discouraged from making inroads into the business realm of small and medium-sized companies.

On the other hand, incentives will be provided for conglomerates to increase technical cooperation with small and medium-sized companies, he added.

ROK: Eximbank, Sri Lanka Sign Loan Agreement Worth \$51 Million

SK0705024796 Seoul THE KOREA HERALD in English 7 May 96 p 9

[FBIS Transcribed Text] The Export-Import Bank of Korea [Eximbank] signed long-term low-interest rate

loan agreements totaling \$51 million with Sri Lanka in Colombo yesterday.

On behalf of the Korean government, Korea Eximbank inked agreements to provide a 39.7 billion won (\$51 million) Economic Development Cooperation Fund (EDCF) loan to Sri Lanka to finance four projects including a telecom facility improvement project in the Horana area.

The other three projects involve expansion of the outside line plant for the Gampaha secondary switching center area project, a hospital rehabilitation and reconstruction project and a power sector development project, the bank said.

The EDCF agreements were signed between Mun Hon-sang, chairman of Korea Eximbank, and B.C. Perera, secretary of the Ministry of Finance and Planning of Sri Lanka.

The concessional loans by the Korean government, the second of its kind to Sri Lanka, will carry an annual interest rate of 3 percent with a payment period of 20-25 years — including a grace period of five years.

Korea inked its first EDCF loan pact totaling \$14.5 million with Sri Lanka in August 1990 to support the Colombo-Galle A4 road rehabilitation project.

EDCF is a bilateral official development assistance (ODA) program established in 1987 by the Korean government to support the development projects of developing countries and promote Korean exports and overseas investments through building up cooperative relationships with developing nations.

Korea Eximbank has been commissioned to manage the EDCF program since June 1987 under the guidelines of the Korean government.

The Korean government has committed 546.4 billion won (\$712 million) in EDCF loans for 52 projects in 24 countries, according to the bank.

"The EDCF agreements would further promote bilateral cooperative relationships between Korea and Sri Lanka in the midst of increasing trade and investment," said a Korea Eximbank spokesman.

ROK Ministry Denies U.S. Cookies Still on Market Beyond Shelf Life

SK0905012396 Seoul THE KOREA HERALD
in English 9 May 96 p 3

[FBIS Transcribed Text] The government yesterday refuted an allegation by a civic group that some imported U.S.-made biscuit products have remained on the market after their shelf life was over.

The Ministry of Health and Welfare announced that four-digit codes on all products manufactured by Nabisco International Ltd., a U.S. biscuit maker, are a motion control date and is an internal system used for inventory control purposes.

Based on a statement sent to the ministry by the U.S. company yesterday, Yi Chae-kwan, director of the ministry's Food Industry Division, said, "The date on the package of Nabisco's products is not an expiration date but a date that signals the foreign company's sales people to check the product to verify that it meets the standards of freshness and quality."

He said that, accordingly, the allegation by the Citizens' Alliance for Consumer Protection of Korea (CACPK) is groundless.

Insisting that the date on the package of Nabisco's products is an expiration date the CACPK insisted Tuesday that some imported biscuit products whose shelf life was extended by six months have been on the market.

ROK: Labor Shortage Worsens in 1st Quarter

SK0905012796 Seoul THE KOREA HERALD
in English 9 May 96 p 8

[FBIS Transcribed Text] Labor shortage at the local small- and medium sized manufacturing companies was found to have worsened in the first three months of this year.

The Korea Federation of Small Business (KFSB) said it had received a total of 1,060 reports of management difficulties from small businesses nationwide in the first quarter of this year. Problems caused by labor shortage accounted for 347 of the 1,060 difficulties, while problems related with capital financing totaled 226.

"Manpower-related troubles were tallied at 32.7 percent of the total, up 9.4 percentage points from last year, reflecting the worsening labor-shortage problems at small-scale manufacturers," said a spokesman for the KFSB.

In fact, he said, small- and medium-size companies had offered to employ a total of 1,265 persons through the KFSB's manpower information center in the January-March period. But the people, who had applied for positions at small manufacturing companies through the center in the same period, numbered just 523, less than half the corporate demand.

"The small businesses showed particularly deep interest in employing foreign industrial trainees and technical specialists," the spokesman said.

He said that areas of other major distresses faced by the small businesses were found to be over government regulations and trade (123 cases), laws (83 cases), taxation and accounting (64 cases) and intellectual property rights (17 cases).

ROK: Employers Group Objects to Changes in Labor Management

SK090501096 Seoul THE KOREA TIMES in English 9 May 96 p 8

[FBIS Transcribed Text] The Korea Employers Federation (KEF), an organization of company owners, has voiced outright objection to allowing a multiple union system and intervention by third parties in labor-management negotiations.

The KEF position is a direct challenge to a recent move by the Kim Yong-sam administration to introduce changes to the labor-management relationship and could act as a tough obstacle to a projected revision of labor laws.

In a meeting of senior KEF officials earlier this week, participants voiced concern over the instability that the introduction of multiple unions on one company could bring.

They argued that the government should seriously reconsider any move to eliminate clauses in related regulations that prevent the formation of more than one union in one company and intervention by third parties.

The meeting was attended by such prominent businessmen as Ku Yu-hwi, permanent advisor to the LG Group, Chong Se-yong, honorary chairman of Hyundai Motor and Yun Won-sok, chairman of Daewoo Heavy Industries.

"The latest KEF position, which is somewhat expected, could translate into a full-scale confrontation among government, employers and labor unions," one labor movement expert observed.

There had been talk of the government entertaining the demand of labor organizations to authorize the multiple union system, and a movement to the effect has been in full swing recently.

After the meeting, KEF honorary chairman Yi Tong-chan said, "The current labor laws were amended in the 1980s when opposition parties had the majority in the National Assembly."

Even with opposition lawmakers in control, he added, legislators could not justify the formation of multiple unions and allowing intervention by third parties in labor-management negotiations.

Should the delicate balance be broken, another senior KEF official said, the relative labor peace which currently exists could be victimized.

The labor movement took solid form in the aftermath of the June 29 declaration of democratization in 1987 and gave rise to violent labor-management confrontations in the late 1980s and early 1990s.

ROK: Police Arrest Union Activists for Staging Violent Strike

SK0705023396 Seoul THE KOREA HERALD in English 7 May 96 p 3

[FBIS Transcribed Text] Police yesterday arrested 45 union activists of a textile company in Kumi, North Kyongsang Province, for staging a violent strike which left two people seriously burned.

Some 800 unionized workers of the Korea Textile Co. in the southern industrial city reportedly clashed with riot police Saturday.

The clash erupted as unionists equipped with steel pipes and Molotov cocktails tried to break into the textile factory, which had been guarded by riot police at the request of the company.

Two union leaders including Yi Chin-kwon, 32, deputy leader of the trade union, sustained serious burns caused by mishandling fire bombs.

ROK Minister Comments on Selection Process for Telecom Industry

SK0805043296 Seoul THE KOREA HERALD in English 8 May 96 p B4

[Report by staff reporter Yu Chong-mo; from the "Asia-Europe" section]

[FBIS Transcribed Text] Business conglomerates, aspiring for the 27 telecom-service licenses, presented their written business plans to the Ministry of Information and Communication (MIC) in mid-April. The MIC vowed to conduct a two-month-long screening of the documents before announcing license winners in late June.

But doubts are lingering in business circles concerning whether or not it is really the MIC that will hold sole power over the selection of successful bidders.

Actually, rumors about possible interference on the part of political forces are rampantly circulating under the name of "scenario." The majority of the rumors suggest that a "certain strong force" outside the MIC will have the final say on the list of license winners.

One of the latest scenarios says that a "certain political force" has picked out two consortia, led by "L" and "K" business groups, as winners of countrywide personal communications service (PCS) licenses.

MIC Minister Yi Sok-chae, the nation's top telecom policy maker, is offended by such apparently groundless rumors and scenarios.

Minister Lee's feelings on the subject were expressed again during a recent meeting with reporters. Yi and reporters covering the MIC held a free debate session for three hours at a hotel in Chunchon, Kangwon Province, last week.

"The talk of an outside power interfering in the selection process is totally absurd," Minister Lee said. "I have never received any pressure or instruction from the political community in connection with the licensing of new telecom service carriers."

Yi frankly conceded that documents submitted by business concerns cannot be the perfect yardstick to appraise their capabilities.

"A group of the MIC-appointed neutral experts will complete the scoring of each document, strictly on the basis of the current government's policy to stress corporate morality, deter economic dominance by conglomerates and foster small businesses. Nevertheless, it's very difficult and somewhat dangerous to judge service capabilities just by documents. Questioning of representatives of each consortium can be one solution to such a loophole."

Yi lamented he was told some "unqualified" consortia depended on foreign partners or consulting service companies for the drawing up of their service-plan documents.

"A truckload of written business plans, if drawn up by outsiders, will surely betray some inconsistencies and self-contradiction. The judges will be asked to exert maximum efforts to track down any inconsistencies within paragraphs and chapters of the documents." He stressed that all aspects of business capabilities will be numerically measured through scientific methods.

Since taking office as the MIC minister last December, Yi has introduced various measures aimed at ensuring a maximum degree of fairness and objectivity in the screening process.

Immediately after his inauguration, he reversed the ministry's earlier decision to select the license winners by lottery.

Minister Lee was praised for his decision in early March to distribute PCS licenses equally among telecom equipment makers and nonequipment makers.

"I've been contacting college professors and other industry experts as frequently as I can to listen to their opinions. I don't think the formation of the eight-way single international-call consortium violates the fair trade law," he said.

Asked about the controversy surrounding Dacom's largest shareholdership, Yi said, "All matters will be decided within the boundary of the current laws. And an in-depth probe by the Fair Trade Commission will reveal the truth."

He made clear that he is personally opposed to the participation of telecomequipment makers in the service field.

"The nation's five largest conglomerates, not to mention the equipment makers, should not have entered the telecom-licensing race. Separation of telecom service and equipment manufacturing, as seen in the examples of AT&T and Motorola, is the worldwide trend. A combination of the two sectors will surely destroy the atmosphere of fair competition," he asserted.

Since most questions from reporters concentrated on the licensing issue, Minister Yi voiced deep concerns saying, "In fact, we should give more attention to ways to raise the local software industry to the world's top level."

Commenting on ways to foster the domestic telecom-manufacturing industry in the unfolding WTO era, Yi said, "Advanced technologies lie at the root of the survival of the manufacturing industry. In other words, the small- and medium-sized companies which produce telecom-equipment parts should be fostered more systematically. That's why the government will give higher marks to the conglomerates willing to extend more assistance to small businesses."

Yi said he does not believe that all of the newly licensed 27 service carriers, including three PCS companies, would enjoy an unlimited growth and prosperity. "It is likely that the wireless data communications service would be merged into the PCS soon and some financially strapped wireless carriers based in provincial cities would become targets of M&A acts. Valuable lessons will be learned only when the carriers are driven to the verge of bankruptcy."

ROK: Korea Telecom Opens Research Center for Switching Machines

SK0805012696 Seoul THE KOREA TIMES in English
8 May 96 p 8

[FBIS Transcribed Text] Korea Telecom (KT) opened a research center yesterday for the development of next-generation switching machines.

The Switching Technology Research Lab., staffed with more than 70 researchers, will develop an advanced version of time division exchange (TDX) system, switching machines for personal communications service (PCS) and other core technologies in telecommunications.

The research center will also help finish the localization projects for asynchronous transfer mode (ATM), advanced intelligence network and optical switches which replace semiconductors with optical fibers in exchange devices.

Being credited as the ground-breaker in TDX development in Korea, Pak Yong-ki has been named chief of the new center.

ROK: Hacker Investigation Team Tracks Internet, On-Line Networks

SK0905015896 Seoul THE KOREA HERALD
in English 9 May 96 p 3

[By staff reporter Kim Chi-su]

[FBIS Transcribed Text] "Soft policing" is the first phrase that comes to mind as you enter the office of the Hacker Investigation Team (HIT) at the National Police Agency [NPA] in downtown Seoul.

And much like the oxymoron itself, the team at a glance seems full of contradictions. With officers in business attire with cellular phones, the office has none of the gadgetry nor fixtures that one dealing in intelligence requires.

This ambiguity, obvious at first glance, derives precisely from the fact that the team belongs neither to the line-of-fire nor the intelligence bureau under the traditional police organization.

A second look at this quasi-independent group, however, will undermine the initial impression of "softness," revealing what it is really up to: "cyber policing."

"We had been trailing him for some time when he first broke into the Nippon Telecom and Telephone (NTT) learning system. He waited awhile as he pondered whether his actions would bring about an international fracas, and that gave us time to move in on him," Yi Chong-nam, an assistant inspector at HIT said.

The "he" that Yi referred to is a 19-year-old mechanic-by-day and a hacker-by-night who tried to scribble "Tokto islets are our land," onto the Japanese Foreign Ministry's home page on the NTT learning system.

With adrenaline pumped to the maximum limit recently over Tokto islets between Japan and South Korea, the hacker, identified only as Kim, might well be a hero, a patriot of sorts.

But clearly in the eyes of the systems surveillance experts at the HIT, the mechanic was a systems intruder who violated a law concerning provisions upon the use of on-line computerized networks.

Yi is part of HIT which folds under the Interpol Division at the National Police Agency. Essentially a system-intruder fighting task force, HIT started out in 1994 battling foreign hackers. In 1995, hackers who made their way into the networks of Gruner Co. of Germany and a mathematics research lab at the Universite de Paris, Sud in France each broke into the Korea Atomic Energy Research Institute and Sunkyoung Business Group's networks as they tried to cover their tracks.

These foreign system intruders are skilled to the level that they can break into systems using X-25 protocols, a closed system requiring a specific software as compared to the open system of the Internet.

Domestic system attackers do not reach this level of skill, the HIT team said. But with some 300 system intruders active in the nation, the HIT team surfs the Internet and domestic on-line computerized networks night and day following trails left by these potential system violators.

Sometimes a trail is hot. But more often than not, it is cold, meaning months of trailing, storing up evidence and then waiting for the right moment.

Currently, they have about 30 to 40 hackers that are on their prior watch list. But even when the hackers are caught in criminal acts, HIT's policy is to avoid releasing any personal information.

"We don't want young people to nourish any heroic notions about these crime-prone hackers. And we are also hoping to bring in the hackers and engineer them toward a better use of their specialty," Yi said.

Also, once these intruders become famous, many businesses try to scout them as in the case of Kim Chang-yol, a hacker who accessed to the Chongwadae [presidential offices]'s network in February 1993. He is currently employed at the Daewoo Business Group.

Yun Chong-kyong, a senior researcher, said the policy not to disclose personal information is related to efforts to deter the hackers' tendency to show off (i.e., commit crimes of bigger dimension).

The five members of the team avoid calling these intruders hackers. The term hacker originally refers to someone highly skilled in computers. So technically speaking, inspector Justin Choi, assistant inspector Yi Chong-nam, researcher Yun Chong-kyong, Choe Chin-hyok and senior policeman Chong Chol are hackers.

"Hacking or hacker doesn't really fit the description. We see a tendency in the U.S. or in Australia toward using instead the terms of system attacker or intruder," Yun said.

Yun said their obligation and sense of justice are what shields them from becoming system intruders themselves in the open seas of cyberspace. His words rang true against the backdrop of a recent case where four computer hackers at one of the nation's leading engineering schools, the Korea Advanced Institute of Science and Technology, were charged for breaking into on-line computerized networks of eight universities, including their archrival Pohang University of Science and Technology (POSTECH). It rang all the louder because the four young collegians were themselves part of the school's "system-intruder" fighting force.

ROK Ministry Reports on 1st Quarter Trade for Electronics Sector

SK0405034596 Seoul THE KOREA TIMES in English
4 May 96 p 8

[FBIS Transcribed Text] Electronics and appliances posted a trade surplus of 4.76 billion dollars in the first quarter of this year, powered by the brisk export of items like semiconductors.

According to the Ministry of Trade, Industry and Energy yesterday, related exports in the first three months of this year reached 112.848 billion dollars, up 34.1 percent over the same period of last year.

On the other hand, inbound shipments increased by a relatively slight margin of 14.6 percent to 7.088 billion dollars, ministry officials said.

They explained that electronic components showed by far the most solid performance with a trade surplus of 4.331 billion dollars and home electronics 1.567 billion dollars.

Unfortunately, industrial electronics and heavy electrical products, including caoles, registered deficits of 747 million dollars and 391 million dollars, respectively.

"One of the problems has been the rapid transition from analog to digital systems for both industrial electronics and telecommunications equipment, which has cut down on demand in the market," one ministry official said.

As for computers, worldwide demand is continuing to increase at a steady pace, and the shipments of electronic components, powered by semiconductors, increased 47.5 percent compared to the same period last year.

Another ministry official said while the prices of dynamic random access memory chips have been falling, Korean companies are holding fast to their market share.

As for other products, color televisions with monitors larger than 21 inches performed better than previously expected, but the shipments of audio systems have been lackluster due to more price competitive items from developing countries.

On the import side, the inbound shipments of telecommunications systems and industrial electronics remained at base, but demands should pick up in the local market later this year after the government issues licenses for various telecommunications projects.

The demand for computer systems, meanwhile, is expected to continue its brisk pace with foreign companies cutting prices to boost their competitiveness.

ROK Shipbuilding Industry Lagging Behind Japanese Rival

SK0905064496 Seoul YONHAP in English
0604 GMT 9 May 96

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — The South Korean shipbuilding industry began to lose international competitive ground to its Japanese rival late last year, a private economic think tank said in a report published May 8.

Korea shipbuilding market share would have fallen to 21.43 percent this year from 30.4 percent last year if the Japanese yen depreciates 10 percent against dollar from the level at the end of last year and the Korean won appreciates 12 percent and reaches 681 won per dollar, the Daewoo Economics Research Institute predicted in the report.

The strong won will deal a severe blow to the Korean shipbuilding industry's international competitiveness, and the impact will be strong enough to shake the industry by 2000, according to the report entitled "Middle- and Long-Term Foreign Exchange Prospect and Analysis of Pricing Competitiveness of Korean Shipbuilding Industry."

The Korean cost of building a 250,000-ton class oil tanker was 96 percent of Japan's at the end of last year, and Korean builders still enjoy a price advantage, but in terms of overall competitiveness in such non-pricing factors as delivery time and quality, Korea lags behind Japan, according to the report.

Beginning from late last year, the cost of materials for Korean builders began to surpass the prices paid in Japan.

If the Japanese yen's value loses 10 percent against the dollar while the Korean won gains 12 percent against the dollar, the profitability of the Korean shipbuilding industry will lose 9.01 percentage points, the report said.

The profitability will lose 1.73 percent if the won appreciates 3 percent to reach 751 won per dollar, according to the report.

ROK: Jan-Apr Overseas Construction Orders 'Up Sharply'

SK0405034396 Seoul THE KOREA TIMES in English 4 May 96 p 8

[FBIS Transcribed Text] Overseas construction orders reached 3.719 billion dollars in the first four months of this year, preparing to break the 10-billion-dollar annual barrier for the first time in 15 years.

The International Contractors Association of Korea (ICAK) said yesterday that the total orders received was an increase of 189 percent from the 1.285 billion dollars of the corresponding period last year. Even on a monthly basis, the amount of orders received in April alone was 778 million dollars, up sharply from the 500 million dollars of April 1995 association officials said. Should companies like Tong-A Construction Industrial continue to bring in large orders for projects like the Libyan Great Man-Made River (GMR) project, the industry could be on its way to breaking the annual order record of 13.68 billion dollars set in 1981.

The association had anticipated another golden era in overseas construction last year, but total orders peaked at just more than 8 billion dollars, failing to break the 10-billion-dollar mark.

Regionally, North America and the Pacific regions recorded 670 million dollars in orders, up from 120 million dollars in the first four months of last year.

In Southeast Asia's lucrative market, the total value of orders was 2.74 billion dollars, an increase of 191 percent compared to last year, and the Middle East recorded 316 million dollars.

By country, Libya once again proved to be Korea's largest customer with orders totaling 257 million dollars. Tong-A said recently that it has been promised the third and fourth phases of the GMR project worth 10 billion dollars.

Daewoo Corp. retained its top spot for the receipt of overseas construction orders worth 1.634 billion dollars, followed by Hyundai Engineering and Construction with 795 million dollars.

ROK: Car Manufacturers Association Reports Slowing Exports

SK0405015296 Seoul THE KOREA TIMES in English 4 May 96 p 8

[FBIS Transcribed Text] Exports of vehicles have slowed, while sales of foreign cars have been steadily increasing.

According to the Korea Automobile Manufacturers Association (KAMA), five Korean automakers exported 409,202 vehicles during the first four months of this year, up 19.4 percent from the 342,665 units posted a year earlier.

The figure is far smaller than the 55.9 percent posted in the same period of last year and the 41.2 percent averaged last year.

Daewoo Motor registered a 64.6 percent growth thanks to a good sales performance in Europe. But Hyundai saw a low 15.9 percent, and Kia Motors Corp. saw a 5.2 percent drop.

A KAMA official said, "Many Korean cars have been driven out of major markets by Japanese cars due to the weaker Japanese yen recently, and the delay of model exchanges has caused slow export growth in some regions."

The growth rate is in fact large, but it seems comparatively small due to high growth last year, he said.

Meanwhile, sales of imported cars amounted to 3,100 during the first four months of this year, up 50 percent from the 2,025 units during the same period of last year, according to the Korea Automobile Importers and Distributors Association.

BMW of Germany sold 320 cars in the January-April period, up from the 194 units a year earlier. Hyosung Corp., which sells Germany's Volkswagen and Audi models, sold 340 cars, more than double the 148 cars.

ROK: Koland To Establish Industrial Complex in PRC

SK0805065596 Seoul YONHAP in English 0549 GMT 8 May 96

[FBIS Transcribed Text] Seoul, May 8 (YONHAP) — Korea Land Corp. (Koland) is spearheading the establishment of an industrial complex for Korean businesses in Yanji, Jilin Province in China.

An official at the state-run company said Wednesday that in accordance with the Chinese city government's recent request to build an industrial base in its city, Koland has completed its feasibility studies of possible construction sites.

Kolond plans to make a final decision on the location and size of the Yanji industrial complex after it narrows its choices down to two or three 150,000-pyong sites and conducts a survey of domestic aspirants, who want to move to the projected industrial base, by June, the official noted.

"The industrial complex construction project depends entirely on the number of candidates for joining the complex. But, the establishment of the Yanji industrial base has another symbolic meaning, considering that 90 percent of public servants and 60 percent of residents of the Chinese city are ethnic Koreans and that the city borders North Korea," the official explained.

He added, "We're not advocating the project just for the sake of profitability. The Yanji complex will play a bridgehead role in advancing North Korea in the future."

ROK: Kumho Petrochemical Plans Joint Venture in Indonesia

SK0705052796 Seoul YONHAP in English
0510 GMT 7 May 96

[FBIS Transcribed Text] Seoul, May 7 (YONHAP) — Kumho Petrochemical Co. plans to launch a joint-venture in Indonesia that will produce synthetic rubber intermediary materials, business sources said Tuesday.

The Korean company, a unit of the Kumho Business Group, exchanged a letter of intent with its Indonesian partner, Tripolyta Indonesia, to establish the joint-venture company.

Kumho agreed to invest 200 million U.S. dollars for a 51 percent stake in the joint-venture project to produce styrene butadiene rubber (SBR) and polybutadiene rub-

ber (PBR); initial capacity will be 50,000 tons of SBR per year and 40,000 tons of PBR.

The two sides need two to three months for preparation before adopting the official name of the joint-venture company, according to the sources. The project will take about two years for completion, the sources said.

SBR and PBR are raw materials for vehicle tires, footwear and industrial synthetic rubber products, and the demand for these products has been rising in Southeast Asia.

ROK: Yonggwang Residents Plan Legal Suit Against Nuclear Plant

SK0705024496 Seoul THE KOREA TIMES in English
7 May 96 p 3

[FBIS Transcribed Text] A legal suit intended to stop the construction of No. 5 and 6 reactors at the Yonggwang Nuclear Plant is planned by residents who claim that the source of their livelihood will be threatened if they are built.

In a press conference in Seoul yesterday, Yim Sun-taek, 46, leader of an organization of residents in Yonggwang County, South Cholla Province and Kochang County, North Cholla Province, said that they would file a lawsuit with the Seoul Appellate Court unless the Science-Technology Ministry revoked its approval of the Korea Electric Power Corporation's plan to construct the two reactors.

In solidarity with the villagers were the Citizens' Coalition for Economic Justice, Green Korea, and the Korean Federation of Environmental Movement. Lawyers affiliated with these civic organizations will represent the residents in court.

Brunel, Malaysia & Singapore

Malaysia

Malaysia: Government Repatriates 230 Vietnamese Refugees

BK0905095096 Kuala Lumpur UTUSAN MALAYSIA in Malay 9 May 96 p 10

[FBIS Translated Text] Kuala Lumpur, 8 May — A total of 230 Vietnamese refugees were repatriated under the Voluntary Repatriation Program (Volrep) yesterday.

According to a statement issued yesterday by the United Nations High Commissioner for Refugees (UNHCR), all the refugees were repatriated to Ho Chi Minh city by a Vietnamese aircraft.

The statement also added that since the launch of the Volrep program launched 12 years ago in 1989, 7,096 Vietnamese refugees have been repatriated.

Malaysia: Opposition Party Leader's Decision To Rejoin UMNO Welcomed

BK0905110996 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 May 96

[FBIS Transcribed Text] Deputy Prime Minister Datuk Sri Anwar Ibrahim says he supports the move by Tengku Razaleigh Hamzah to rejoin UMNO [United Malays National Organization] for as long as it does not create a faction within the party. He said that in the interest of the party, UMNO members should have an open mind and allow all Malays to join the party.

Anwar, who is UMNO deputy president, said that he had been informed earlier of the meeting between Prime Minister Datuk Sri Dr. Mahathir Mohamed who is UMNO president, and Tengku Razaleigh who is now president of the Parti Melayu Semangat 46 [Malay Party of Spirit of 46].

In Petaling Jaya, Foreign Minister Datuk Abdullah Ahmad Badawi, who is UMNO Supreme Council member, also welcomes Tengku Razaleigh's move to rejoin the party. Abdullah said UMNO always had its door open to Malays who accepted its Constitution and principles.

Meanwhile, Tengku Razaleigh Hamzah who told Prime Minister Datuk Sri Dr. Mahathir Mohamed that he will rejoin UMNO, said efforts to reunite the Malays must be made regardless of the differences in thinking.

The Parti Melayu Semangat 46 president says the differences do not hamper efforts to bring the Malays together. He adds that all Malays are not likely to think alike [words indistinct] politics or other fields.

Singapore

Singapore: Government Imposes Two-Year Ban on Land Mines Export

BK0905120096 Singapore THE STRAITS TIMES in English 9 May 96

[Report by Susan Sim — received via Internet]

[FBIS Transcribed Text] The Singapore Government has imposed a two-year ban on the export of anti-personnel land mines (APLs) which have no self-destructing or self-neutralizing mechanisms.

The moratorium takes immediate effect, a Foreign Ministry statement said yesterday, adding that the secretary general of the United Nations was informed of its decision on Tuesday.

The Republic is imposing the moratorium ahead of new rules expected to enter into force later this year which will outlaw the export and use of undetectable plastic land mines and ban long-lived mines outside guarded fenced areas.

A ministry spokesman said he could not state the volume or value of exports of APLs by Singapore.

In its statement yesterday, the Foreign Ministry called the indiscriminate use of land mines one of the most important humanitarian problems faced by the international community in recent years and said it shared the deep concern expressed worldwide.

A report submitted by the UN secretary general last year showed that more than 20,000 people were injured or killed by land mines each year, often long after the conflict had ended. Many of the victims were non-combatants, especially women and children.

The ministry said that "the irresponsible and indiscriminate use of anti-personnel land mines pose not only grave dangers to civilian populations" but also "a serious threat to the safety and lives of UN personnel participating in humanitarian, peacekeeping, and development programmes".

It therefore endorsed the call by the UN to increase mine-clearing efforts by the international community. In 1994, Singapore co-sponsored a UN resolution, which was adopted, urging all countries to assist the UN and contribute to a voluntary trust fund to finance training programmes and mine-clearance operations.

At the same time, the statement noted, the Republic also shared the view of several countries that it was not practical to have a blanket ban on all types of APLs as many countries still needed APLs for legitimate self-defence purposes.

"In our view, the fundamental cause of the humanitarian problems are APLs with no self-destruct or self-neutralizing mechanisms. They are hard to detect, continue to inflict harm on civilian populations long after emplacement, and are indiscriminate in their effect.

Hence, the two-year moratorium imposed by Singapore will be confined to the export of APLs that have no self-destruct or self-neutralizing mechanisms," the statement said.

Singapore, it said, was committed to working with members of the international community to find "a durable solution" to the problems caused by land mines.

Although almost 50 nations are observing a UN call for a moratorium on all or some land mines, many countries oppose a complete ban.

They include the big land mine producers such as Russia, China, India, and Pakistan, who say they still see a military need for mines to defend their borders, while the United States is said to be considering a phase-out but only by 2010.

Cambodia

Cambodia: '20 Truckloads' of Troops Moved From West Battambang

BK0905033296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 May 96

[FBIS Translated Text] The enemy pulled out 20 truckloads of troops from the battlefields west of Battambang on 4 and 5 May, and is preparing to pull out more and send them to Phnom Penh.

Observers said that this force was taken to Phnom Penh to help check the tense situation in the capital, where the indignant masses, including top officials and political parties, are seeking to smash Hun Sen's head.

Cambodia: Khmer Rouge Blamed for Abduction of Thai Quarry Workers

BK0905053996 Hong Kong AFP in English 0512 GMT 9 May 96

[FBIS Transcribed Text] Phnom Cheal, Cambodia, May 8 (AFP) — Khmer Rouge guerrillas abducted seven Thai quarry workers who are being held for a 350,000 dollar ransom southwest of Phnom Penh, military officials said Thursday.

Forty members of Khmer Rouge division 305, usually based at Phum Prey Veav about seven kilometers (five miles) away from here, fought a brief skirmish Wednesday with government troops near the quarry in

south-central Kampong Speu province before taking the hostages, Military Region Three Colonel Pul Seiha said.

He said the Khmer Rouge rebels, many of whom witnesses said were wearing government uniforms, had slept near the quarry on Tuesday night and began their attack early Wednesday morning.

About 70 people were working at the quarry, about 57 kilometers (35 miles) southwest of Phnom Penh, and when the shooting started most of them fled by foot and escaped, Pul Seiha said.

Ten Thais and one Cambodian were captured when they tried to escape in pick-up trucks and ran into another group of rebels on the road, he said, adding that the vehicles were also missing.

The rebels then released four people — the Cambodian, two Thai women, whose husbands remain captive, and one Thai man — so they could deliver a ransom demand to the workers' employers.

Of the seven men who remain in captivity, two work for the Italian-Thai Construction Co., one works for the Sea Board Co. and four work for the ASCO Quarry and Crushing Plant.

All the companies were supplying materials for the United States-sponsored reconstruction of National Route Four which runs from Phnom Penh to the southern port of Sihanoukville.

The Khmer Rouge have demanded 100,000 dollars from the Italian-Thai and Sea Board companies and 150,000 dollars from ASCO, according to Soeng Sambo, the 18-year-old Cambodian who was released with the ransom demand.

"They pointed their guns at me and told me they would kill me if I didn't translate correctly," he said. "I was very scared."

He said he had returned twice to near where the hostages were being held in order to deliver food to the prisoners but had not been allowed to see the captives.

Pul Seiha and other military officials said they were waiting for instructions from the companies involved and the Thai embassy before proceeding with negotiations.

Thai embassy officials could not immediately be reached for comment as to what their position on the issue was, but one ASCO employee said his company had paid ransoms to the Khmer Rouge in 1993 to free 10 Thai employees who had been held for four days.

Cambodia: Sam Rangsai's Return to FUNCINPEC Speculated

*BK0905090196 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 9 May 96 pp 1, 2*

[Unattributed report]

[FBIS Translated Excerpt] It is noted at this juncture that Sam Rangsai, who used to be resolutely opposed to and denounce FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] for being corrupt and not serving the people's wishes and interests, has once again commended FUNCINPEC for being an honest and patriotic party and a victim. This gesture is seen to have been his support for FUNCINPEC, as claimed by some FUNCINPEC party officials who have said that Sam Rangsai will return to the party.

Political analysts, like watchers of Sam Rangsai's activities, have said: Sam Rangsai has no other alternative because, according to the FUNCINPEC party's record, he has made a major contribution to the reestablishment of FUNCINPEC and can be said to be a key party founder. Sam Rangsai has also clearly realized that he hardly has the possibility or the time to organize an election campaign in a timely fashion due to the financial problem. Furthermore, it is said that his popularity is linked to FUNCINPEC's and that he still enjoys support from a large number of FUNCINPEC members. Therefore, because of these facts, it is believed that Sam Rangsai will return to FUNCINPEC. [passage omitted]

Indonesia

Indonesia: Taiwan Petroleum Group Signs Joint-Venture Contracts

*OW0905061696 Taipei CNA in English
0408 GMT 9 May 96*

[By P.C. Wu and Sofia Wu; received via Internet]

[FBIS Transcribed Text] Jakarta, May 8 (CNA) — Taiwan's state-run Chinese Petroleum Corp. (CPC) signed three joint-venture contracts with two Indonesian enterprises Wednesday [8 May] as part of its overseas expansion drive.

The three joint-venture projects with Indonesian national oil corporation Pertamina and private PT Graha Centermine (PTGC) cover joint oil exploration and production of lubricant and asphalt.

The contracts were signed by CPC Chairman Chang Tzu-yuan and his Pertamina and PTGC counterparts at Pertamina's headquarters in Jakarta, with ROC Representative to Indonesia Lu Pao-sun and many Indonesian government officials witnessing.

Lu said the three cooperative projects will boost Taiwan's investment in Indonesia and make it Indonesia's sixth largest foreign investor, up from the current seventh notch.

The three contracts include a CPC-Pertamina joint venture to explore oil in the Peudada oilfield off northern Sumatra coasts, a CPC-Pertamina-PTGC joint venture to build a lubricant plant in Ujung Pandang on Sulawesi Island with an annual capacity of 50,000 kiloliters, and a CPC-PTGC-Pertamina joint venture to build an asphalt plant in Balikpapan on Kalimantan Island with annual output projected at 400,000 metric tons.

Indonesia: Suharto Hosts Banquet for Madagascar's Zafy 8 May

*BK0905041696 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 9 May 96*

[FBIS Translated Text] President Suharto and his Malagasy counterpart Zafy are scheduled to hold private talks at Jakarta's Merdeka Palace this morning. A meeting to discuss political and economic issues between the two countries' officials will be also held at the same time.

In his welcoming speech at a banquet to honor the Malagasy president at the State Palace last night, President Suharto said the international situation is showing rapid and fundamental changes with wide-ranging implications. The president said regional groupings should provide a positive influence toward the realization of a new global economic order that will ensure justice and prosperity for all people.

Indonesia: Suharto, Madagascar's Zafy Hold One-on-One Talks

*BK0905095496 Jakarta Radio Republik Indonesia
Network in Indonesian 0700 GMT 9 May 96*

[FBIS Translated Excerpt] The Republic of Madagascar has expressed its desire to study Indonesia's agricultural development. Malagasy President Albert Zafy said this during one-on-one talks with President Suharto at the Merdeka Palace today. Minister and State Secretary Mardiono later briefed reporters on the results of the talks. The Malagasy president visited the P.T. Koja Bahari shipyard.

Here is my colleague Kabul Budiono reporting on the event.

[Begin recording] [Kabul] During one-on-one talks at the Merdeka Palace this morning, Malagasy President Albert Zafy expressed his government's desire to study Indonesia's agricultural development. According to Minister and State Secretary Mardiono, the Malagasy

president regarded Indonesia as being well experienced in agricultural development, particularly in the production and distribution of fertilizers. Madagascar is known to have a huge deposit of natural gas which is needed for fertilizer production. [passage omitted]

During the one-on-one talks this morning, President Suharto and President Zafy agreed to increase visits between officials and businessmen from the two countries.

As the two presidents held discussions, several ministers from the two countries held parallel talks. According to Mardiono, the ministerial talks focussed on regional issues.

[Mardiono] The ministers focussed mainly on regional issues because the two countries have no bilateral problems. Our political relations with Madagascar are very strong. The talks centered on the Indian Ocean Rim Initiative. The two sides agreed to further exchange views on the future of the Indian Ocean Rim Initiative.

[Kabul] Soon after the talks at the Merdeka Palace, the Republic of Indonesia and the Republic of Madagascar signed an agreement on economic and technical cooperation as concrete proof of their commitment to enhancing ties, particularly in these areas. The agreement was signed by Foreign Minister Ali Alatas and his Malagasy counterpart Jacques Sylla. The signing ceremony was witnessed by President Suharto and President Zafy. The agreement serves as the basis for the enhancement of economic and trade relations as well as direct investment. The two countries have agreed to establish a joint commission to enhance economic relations. [passage omitted] [end recording]

Indonesia: Official Dismisses Unsafe Tag by Economists

BK0905105596 Jakarta SUARA PEMBARUAN in Indonesian 8 May 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, 8 May — BAKIN [State Intelligence Coordinating Agency] Chief Lieutenant General Mutojib says the security situation in Indonesia is normal and under control. Commenting on a survey by the Hong Kong-based Political and Economic Risk Consultants Limited which concluded that Indonesia is the second most unsafe country in the Asia-Pacific after the Philippines, Lt. Gen. Mutojib said the survey must have had an ulterior motive.

"I believe the survey has certain economic motives, namely to persuade businessmen not to invest in Indonesia but to invest in another country, perhaps in the country that conducted the survey," Mutojib told

SUARA PEMBARUAN after attending a coordinated meeting on politics and security in Jakarta on 7 May.

Mutojib said people should question the standard used in the survey because certain ulterior motives do exist. The public must not be influenced by the survey.

The Hong Kong company conducted the survey on crime and personal safety in Asia-Pacific countries with foreign managers as respondents. The results were published in the latest edition of the ASIAN INTELLIGENTSIA magazine. The managers were asked to rank these countries where they run businesses on crime and personal safety.

Indonesia: Military To Use Own Method, Approach To Free Hostages

BK0905092396 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 9 May 96

[FBIS Translated Text] ABRI [Armed Forces of the Republic of Indonesia] will soon use its own method and approach in its efforts to free the hostages held by the Irian Jaya GPK [security disturbance movement]. Lieutenant General Suyono, secretary to the Coordinating Agency for Strengthening National Stability and currently chief of the ABRI General Staff, said this in Jakarta yesterday.

He said ABRI has thus far extended opportunities and assistance to international humanitarian organizations to act as a mediator to free the hostages, but their efforts have not been successful. Lt. Gen. Suyono made the remarks in response to reports that the GPK would free all 11 hostages, six of them foreigners. He said he had received reports that the GPK abductors were not ready to free the hostages despite ABRI's serious efforts to free them over the past four months. Therefore, he believes it is now time for security authorities to take a risk and adopt their own method and approach to solve the problem.

Indonesia: Red Cross Officials Fail To Rescue Irian Jaya Hostages

BK0905110796 Jakarta KOMPAS in Indonesian 9 May 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Timika, KOMPAS — Two ICRC [International Red Cross Committee] officials who met and held talks with GPK OPM [Free Papua Movement, security disturbance movement] abductors yesterday were still unable to bring back the 11 hostages held since January in the jungle in Mapnduma, Tiom, Jayawijaya, Irian Jaya Province.

The two ICRC officials, Sylviane Bonadey and Meyer, returned to Timika airport at about 1700 looking unhappy and exhausted. They shook their heads to show their disappointment when they briefed military officers on their meeting with the abductors.

There is no official explanation as to why the hostages cannot be brought back. Sources contacted by KOMPAS said the GPK abductors are having differences of opinion among themselves. Daniel Kogoya, who masterminded the abduction, is actually ready to release the hostages, but Kelly Kwalik still wants to hold them.

The two ICRC officials left Timika airport to meet the abductors in the morning aboard two chartered helicopters displaying the red cross. The two helicopters were escorted by five other helicopters, four Bolco and one Puma from the ABRI [Armed Forces of the Republic of Indonesia]. On board were members of ABRI's Rapid Reaction Strike Force armed with short-barrelled automatic weapons. Two state television station correspondents were also present.

Many people were waiting and expecting the hostages to return after thorough preparations had been made at Timika airport. A Hercules transport plane has been on stand-by at the hangar since Tuesday night. However, the seven helicopters returned with none of the hostages.

On returning, the two ICRC officials were immediately whisked to the Sheraton Hotel to meet with ABRI officers. At the hotel lobby, they briefed Brigadier General Johnny Lumintang on their meeting with the GPK abductors. [passage omitted]

Indonesia: Former Opposition MP Jailed for Defaming Suharto

BK0905092196 Jakarta KOMPAS in Indonesian 9 May 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Former PPP [United Development Party] MP Sri Bintang Pamungkas was sentenced to 34 months in jail yesterday after he was found guilty of defaming President Suharto in a speech he delivered at the Technische Universitet in Berlin on 9 April 1995. He was found guilty of violating Article 134 and 136 of the Criminal Law.

The trial yesterday at the Central Jakarta court, presided over by Judge Syofinan Sumantri, was also marred by a shoe-throwing incident by one of the court visitors. The incident occurred as soon as Syofinan finished reading the court verdict. About 500 students and Bintang's supporters gathered and sang patriotic songs outside the court building. After the verdict was read, a man clad in jeans suddenly shouted: "This is not fair." He hurled

his shoes toward the panel of judges, who immediately ordered the court guards to arrest him. Sources at the Central Jakarta police station said the 30-year-old man, with the initials UP, lives in Cimanggis, Depok. He was still being detained at the station as of Wednesday evening.

Upon hearing the verdict, Bintang, escorted by his defense lawyers Adnan Buying Nasution, Luhud Pangaribuan, Mohamed Assegaf, and Dwiyanto Prihartono, immediately filed an appeal against the ruling. [passage omitted on situation inside and outside the court building]

Philippines

Philippines Editorial Urges Ouster of Nuclear-Powered U.S. Submarine

BK0905092996 Manila THE MANILA CHRONICLE in English 2 May 96 p 4

[Editorial: "The Bajolla Must Go"]

[FBIS Transcribed Text] The presence of Bajolla, a United States submarine, at the Subic Freeport underscores the seeming insignificance of specific provisions in the Constitution banning the presence of foreign troops and nuclear weapons in the Philippines, as well as the cavalier manner with which the government ensures the enforcement of such provisions.

The submarine, reportedly nuclear-powered, joins two US war frigates, a U.S. amphibian vessel and around 1,500 U.S. troops in a 12-day joint exercise with Philippine Military Forces beginning 10 May.

The Department of National Defense (DND) has reportedly cleared the submarine's entry into Philippine waters and its docking at Subic, despite its reported nuclear capability. Officials from both sides cite the RP [Republic of the Philippines]-U.S. Mutual Defense Treaty as the basis for such an act.

Defense officials also say the Bajolla's presence will improve the Philippine Navy's knowledge in modern navigational equipment and technology.

If true, then the act of allowing a nuclear-powered submarine in Philippine waters cannot but be viewed as unconstitutional and an affront to Philippine sovereignty. The act is ironic, coming as it does on the very year the Philippines is celebrating the centennial of the 1896 Filipino revolution against Spanish colonialism, a historical landmark that established the Philippines as the first Asian nation to assert its freedom and sovereignty against Western colonialism.

Does this centennial mean anything to this administration and the U.S. Government, which seems hell-bent

on reasserting its nuclear might in the Asia-Pacific region regardless of the sovereignty of nations there?

The act also betrays the misguided viewpoint that pervades defense officialdom, one that hails the use of nuclear power for purposes of defense. Such a viewpoint ignores the spirit of the constitutional provision against nuclear weapons, a spirit that, besides upholding national sovereignty, also eschews the use of nuclear power for purposes of war. This is in recognition of the dangers inherent in the use of this technology, dangers so grave as to destroy the world as we know it.

The U.S. deployment of a nuclear-powered submarine to the Philippines also violates a recent pact signed by countries in the Asia-Pacific declaring the region to be a nuclear-free zone.

Explanations are in order. If the Bajolla bears nuclear weapons, as reported, then the administration must muster every ounce of political will to order its immediate withdrawal from Philippine waters.

And the rest of the Asia-Pacific must make sure the pact declaring the region to be a nuclear-free zone is followed. The Bajolla must go.

Philippines: Kuwait Embassy Opens in Manila

BK0905043596 Quezon City Radio Filipinas in English 0230 GMT 9 May 96

[FBIS Transcribed Text] President Fidel Ramos has welcomed the opening of the Kuwaiti Embassy in Manila as a demonstration of the growing relations between Kuwait and the Philippines. He said he is looking forward to receiving Kuwait first resident ambassador to the Philippines, (Haj Salim Al Ajmi) who is due to arrive in Manila tomorrow, 10 May. Kuwait is home to an estimated 55,000 overseas Filipino workers.

Philippines: Air Services Agreement Ratified With Oman

BK0805031996 Manila BUSINESS WORLD in English 8 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Philippines and Oman have ratified an air services agreement between them that would create a fair and equal opportunity for Philippine and Omani airlines to operate on specified routes. The accord was forged by officials from both sides on 11 October 1992 in Muscat. Malacanang said the agreement will exempt aircraft spareparts, supplies and equipment from customs duties and other taxes. At the same time, it will help maintain a balance between the capacity of specified services and the requirement of the Philippines and Oman for air transportation.

Philippines: Military on Alert Over MILF Threats Against Power Plants

BK0905033796 Manila BUSINESS WORLD in English 9 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Armed Forces of the Philippines (AFP) yesterday ordered the additional deployment of troops in Central Mindanao after intelligence report said the Moro Islamic Liberation Front (MILF) will soon be launching massive attacks in the area.

A report submitted to the AFP General Headquarters in Camp Aguinaldo said MILF troops and high-powered arms were being massed in areas not covered by the temporary ceasefire agreement forged by the military and the MILF last 25 April. The report prompted the military in Central Mindanao to place their troops on red alert. It said the MILF will be attacking at least five power plants operated by the National Power Corp. in Central Mindanao. A ranking military official said that troopers in the areas are ready for the MILF "but we hope that the (MILF) leaders" would change their mind and let peace prevail in Central Mindanao." AFP chief Gen. Arturo Enrile earlier ordered troops in Mindanao to exercise maximum restraint in dealing with the MILF but also ordered them to defend themselves if they are attacked or harassed.

Philippines: Angara Formally Endorsed as Laban Standard Bearer for 98

BK0905020396 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 May 96

[FBIS Translated Text] Former Speaker Ramon Mitra has formally endorsed Senator Edgardo Angara as the standard bearer of the Struggle of Filipino Democrats [Laban] for 1998 [presidential elections]. Further, Mitra gave Angara due recognition for the efforts he had made to invigorate the party.

Thailand

Thailand: Talks With PRC on Disputed Satellite Orbits To Reopen

BK0905035696 Bangkok BANGKOK POST in English 9 May 96 p 17

[Unattributed report]

[FBIS Transcribed Text] Transport and Communications Permanent Secretary Mahidon Chantharangkun will be the chief negotiator in efforts to resolve a lengthy Thai-Chinese dispute over satellite orbital slots.

The operators of Thailand's Thaicom-3 and China's Apstar 1a satellites each claim the slot at 121 degrees East.

Previous talks with Chinese officials involving the Post and Telegraph Department (PTD) and Chinnawat Satellite Plc (SSA), operator of Thaicom-3, have been unsuccessful.

Chinese government officials had ignored the problem because the Thai team contained no representation from the Foreign Ministry, a Transport Ministry source said.

Mr Mahidon will be joined by a Foreign Ministry official in the next round of talks.

Thailand may offer to let China launch its satellite into a new position Thailand has already reserved, in exchange for China giving up the 121 degrees East slot to Thaicom-3, the source said.

Thailand: SRV President Expected To Visit, Sign Cultural Pact

BK0905041396 Bangkok THAILAND TIMES in English 9 May 96 p A1

[Report by Saranyu Samakrathakit]

[FBIS Transcribed Text] Bangkok — Thailand and Vietnam will celebrate twenty years diplomatic relations between Bangkok and the present communist government in Hanoi with the signing of a historic cultural agreement in August.

Another highlight of the anniversary celebrations is an expected visit by Vietnam's President Gen Le Duc Anh, Foreign Ministry spokesman Suraphong Chaivanam told THAILAND TIMES.

Le Duc Anh will be the first Vietnamese head of state to visit the kingdom.

The new treaty will cement the framework of existing cultural cooperation and exchange activities such as programs on education, music, sport and media, said Suraphong, who visited Hanoi last month.

Although Thailand is party to cultural agreements with all Association of Southeast Asian Nations members by virtue of its own membership, the new agreement will be the first bilateral one it has signed with another ASEAN nation.

Thailand formally recognized and established diplomatic ties with the Hanoi government on August 6, 1976, after the North Vietnamese took over south Vietnam on April 6. Before that, Thailand had been dealing with the U.S.-backed administration in Saigon, now Ho Chi Minh City.

Vietnamese Deputy Foreign Minister Vu Khoan, who attended a Thai-Vietnamese Joint Commission conference in Bangkok recently, said other events to mark the anniversary will include a seminar on relations between the two countries jointly organized by the Foreign Ministry and Thammasat University.

Thai and Vietnamese academics will be invited to speak, particularly on the subject of economic cooperation and its prospects, said Khoan.

The Thai and Vietnamese foreign ministers will make official broadcasts of congratulatory messages in both countries.

Thailand: PEA Plans To Sell Electricity to Cambodia

BK0905034196 Bangkok BANGKOK POST in English 9 May 96 p 7

[Unattributed report]

[FBIS Transcribed Text] Trat — Cambodia plans to buy electricity from the Provincial Electricity Authority [PEA] of Thailand for Koh Kong Province.

PEA deputy governor Pracha Thitathan said the PEA will hold another round of talks soon with Cambodian authorities led by Koh Kong Governor Rung Phromkason about the power purchase plan.

The results will be submitted to Phnom Penh for consideration and approval of a 25 million-baht budget for an electricity generating system to be designed by the PEA and built by a Cambodian company.

The PEA plans to sell electricity to Cambodia at 1.90-2.00 baht per unit, he said.

Thailand: Asian Countries, UNDCP Meet To Tighten Drug Control

BK0905090796 Bangkok Radio Thailand Network in English 0000 GMT 9 May 96

[FBIS Transcribed Text] Senior drug control officials from Cambodia, China, Laos, Myanmar [Burma], Thailand, and the United Nations Drug Control Program, or UNDCP, met in Yangon yesterday to discuss regional collaboration on drug control and to sign two project agreements — one to promote drug demand reduction in highland areas and another to increase control over the chemicals that are needed for the manufacture of heroin and metamphetamine.

The Yangon meeting is a follow up to a meeting held in Beijing a year ago at which ministers from six countries approved a joint three-year drug control action plan for the region made up of 11 projects to decrease the

demand for illegal drugs, to increase the country's law enforcement capacity, and to reduce the production of drugs.

The U.S.\$1.5 million drug demand reduction project developed by the UNDCP will be financed by the UNDCP and the British Government. The project will focus on community-based demand reduction activities for hill-tribe communities in the highland of East Asia and will pay particular attention to cross-border cooperation to reduce drug abuse. The U.S.\$1.5 million chemicals control project will be financed by the European Commission. The project is based on a successful pilot project carried out by the Government of Thailand and the UNDCP to tighten control of the chemicals required to manufacture heroin and metamphetamine.

Thailand: Phalang Tham Hints at Abandoning Coalition After Debate

BK0905085396 Bangkok *THE NATION* in English
9 May 96 p A1, A6

[Unattributed report]

[FBIS Transcribed Text] Deputy Interior Minister Suchat Tancharoen came under a fierce barrage of opposition attacks on the first day of the censure debate yesterday, an onslaught so compelling that the Phalang Tham Party (PDP) suggested for the first time it might consider withdrawing from the coalition government.

Insisting that the PDP would listen to the people, PDP leader Thaksin Chinnawat said the party was surveying public opinion on the debate.

"We will listen to the results of the survey because the PDP survives by the people's faith," said Thaksin.

House Speaker Bun-ua Prasertsuwan adjourned the debate at 9.30 pm, stunning opposition MPs, but drawing applause from government law makers. The abrupt adjournment underlined a serious question facing the opposition: How can they wrap up the debate against 10 Cabinet members by tomorrow as agreed upon by whips of both sides?

Suchat was the only minister grilled yesterday, although there was sporadic mention of other targeted ministers that drew informal responses.

Attacks on Suchat were backed by enlarged photocopies of official land documents and were so severe that he shifted agitatedly in his seat, looking very grim and sometimes trying to force a dry smile.

The comprehensive magnitude of the opposition's campaign immediately turned media attention to the Phalang Tham Party, which pulled out of the Chuan coalition last

year during a censure debate on the Phuket land reform scandal.

Evidence supplied by the Democrat-led opposition yesterday backed accusations that Suchat and his relatives were involved in massive illegal land-grabbing on Samet Island in Chumphon and in Nong Khai province. The alleged land scam, the opposition claimed, was part of a larger, unscrupulous scheme involving conspicuous loan acquisition from the Bangkok Bank of Commerce, fishy takeover plots and share manipulation.

Asked what the PDP would do if a majority of people surveyed did not give a vote of confidence to the targeted Cabinet ministers, Thaksin said: "We have to discuss the matter within our party. I may have to talk to the prime minister."

He said there would be no problem if the PDP decided to withdraw from the seven-party coalition because PDP Cabinet ministers were always ready to resign.

Thaksin admitted that in a democracy the majority in Parliament was most important, but said sometimes the majority was wrong. "Because of this, the PDP will listen to the people," he stressed.

Asked what would happen if the withdrawal affected the PDP's popularity, Thaksin said: "We have to do what is necessary. The PDP will side with the people. We don't care."

Thaksin also hailed opposition leader Chuan Likphai, who kicked off the debate with stinging attacks on the targeted ministers. Labelling the government "businessmen disguised as politicians", Chuan said Suchat played a key role in the alleged land-loan conspiracy involving the Group of 16, of which Suchat is a leading member.

Two firms run by Suchat's relatives, Zilar International Co and Winiwes Co reportedly grabbed more than 30,000 rai [12,000 hectares] of land in Nong Khai for which they later obtained ownership papers.

Ownership documents for plots owned by members of the Tancharoen family on the island in Chumphon were issued after Suchat took office last July. Suchat oversees the Land Department.

In his opening speech, Chuan said the Banhan administration no longer deserved to run the country because of its rampant abuse of power and corruption.

Chuan's bombshell allegation that a senior Irrigation Department official paid money to a politician to keep his seat prompted a denial from Irrigation Department Director General Rungruang Chunlachat.

The censure debate was disrupted when Democrat MP Suthep Thuaksuban launched aggressive attacks on

Suchat in connection with the BBC (Bangkok Bank of Commerce) loan affair. His sensational remarks about what he claimed was the bank's questionable stability triggered a government uproar. PM's Office Minister Piyanat Watcharaphon's called for a closed-door debate and received support from government MPs and the House speaker, who expressed concern that customer panic could lead to a bank collapse.

During the brief closed session, Suthep continued his assault on the BBC, alleging that huge, questionable loans were granted to foreign financial institutions, some of which had obvious connections with a senior bank executive. Of the foreign firms, he claimed, one has gone bankrupt and two others had very low registered capitals.

Deputy PDP leader Thawin Phraison said yesterday's debate was clear-cut, but under the law action could not be taken against Suchat.

"He is not wrong under the law, but in principle he is wrong, more or less," he said.

Thawin said it was difficult for the PDP to make a decision whether to give Suchat a vote of confidence because any decision would have an influence on the party's chances in the Bangkok gubernatorial election.

Chat Thai secretary-general Sano Thianthong said after a meeting of whips from both sides that the government had agreed to extend the debate from two days to three.

On the last day, tomorrow, opposition members would be allowed to take the floor until 6 pm, after which the targeted Cabinet ministers would give their rebuttals until 8 pm. The vote would take place on Saturday, he said.

Only Suchat was directly grilled yesterday, the first day of the debate.

Prime Minister Banhan Sinlapa-acha, who appeared tense during the debate against Suchat, said last night he was satisfied with the minister's responses.

Today's debate will focus on Deputy Prime Minister Montri Phongphanit, Agriculture Minister Suwit Khunkitti and Finance Minister Surakiat Sathianthai. The next targets are expected to be Industry Minister Chaiwat Sinsuwong, Commerce Minister Chuchip Hansawat and Deputy Communication Minister Chaiphak Siriwat.

Thailand: Finance Ministry Policies Attacked by Opposition

BK0905033996 Bangkok *THE NATION* in English
9 May 96 pp B1, B2

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Democrat MP [and former deputy prime minister for economic affairs] Suphachai Phanitchaphak yesterday launched an attack on Finance Minister Surakiat Sathianthai, saying the Finance Ministry's measures to combat inflation and the current account deficit are headed in the wrong direction.

Suphachai, who will oppose Surakiat in the no-confidence debate today, went on to say that the government's measures to curb the country's two major economic woes have hit small businesses hard.

Suphachai attacked the Bt30 billion package the government injected into the stock market late last year in the hope of restoring a bull market. The stock market has remained lacklustre despite the move, closing at 1,310 points yesterday, down 9.2 points from Tuesday's closing.

"The stock market is failing to improve," Suphachai said.

He said the Bank of Thailand's measure to limit lending growth at 18 per cent has caused hardships for medium and small businesses. At least Bt400 billion worth of credit suddenly disappeared from the financial system, Suphachai said. He claimed the central bank is so fearful about the impact of its measure that it will not admit lending growth will fall below the 18 per cent target this year. Small businesses have been forced by the central bank's measure to seek borrowings outside the financial system, where "they end up paying much higher interest rates," he said.

Furthermore, he claimed the central bank's latest measure to raise the capital fund to 8.5 per cent from 8 per cent is improper because the international standard is 8 per cent. Suphachai also attacked the central bank's measures to slow foreign capital inflows, saying they are totally against the government's policy to promote Thailand as a regional financial centre. "Both the Bank of Thailand and the Finance Ministry are going nowhere," he said.

He also blasted the most recent tax-cutting measure granted to 13 items of luxury goods, saying the measure will not only fail to slow the country's trade deficit as imports will increase but will boost demand for unnecessary products.

Suphachai insisted that the tax break for the 13 luxury items has nothing to do with tax reductions under the

World Trade Organisation agreement. The WTO tax breaks are generally for intermediate goods such as machine parts, Suphachai said.

Meanwhile, Revenue Department Director-General Suchat Chawanawisit said Finance Minister Surakiat has assigned the Customs Department to study the possibility of returning the 7 per cent value-added tax to tourists.

However, a department source, who asked not to be named said the tax return will not be attractive enough. He said tax returns cost around 3-4 per cent, so tourists will only receive 3-4 per cent of their tax payments, which is unattractive".

The source suggested that a better alternative is to offer tax coupons to tourists, which they can redeem for cash from an appointed private company who will then claim the tax back from the government.

Investment analysts commented that the opposition's attacks on Surakiat over monetary and fiscal policies are not strong enough. "They can only shake Surakiat image," they said.

Analysts from foreign brokerage houses commented that Surakiat has to clearly explain the firing of top securities official Ekkamon Khirawat, formerly secretary-general of the Securities and Exchange Commission. If he fails to do so, it may place him in jeopardy.

Thailand: Capital Outflow Figures Noted

BK0905042296 Bangkok BUSINESS DAY in English
9 May 96 p 1

[Report by staff writer]

[FBIS Transcribed Text] The Central bank's moves to discourage the inward flow of funds are beginning to look unnecessary, as before the measures come fully into effect, cash is draining back out in the week ending April 25th as much as U.S. \$146 million worth of foreign capital flowed back to where it had come from.

Bank of Thailand (BOT) deputy governor, Roengchai Marakanon, said yesterday that U.S. \$120 million of this amount was accounted for by loan repayments and around U.S. \$15 million was withdrawn from non-resident baht accounts.

Mr Roengchai thought that much of the outflow was occasioned by "tough BOT monetary measures" but non-partisan observers took the view that a rising U.S. dollar on top of the high liquidity in the local money markets, caused in part by the restrictions on commercial bank lending, were reasons enough for a mini-flight from the baht.

"The outflow of foreign capital will not affect the country's economy, but it will be a benefit to the central bank in its attempts to control the amount of funds in the monetary market in order to curb fluctuations of domestic interest rates," said Mr Roengchai.

He added that the interbank rate last week was obviously affected as the level rose as high as 10.375 percent. The central bank responded swiftly with an injection of four billion baht into the repurchase market for bonds to shore up the level of liquidity.

However, high overnight rates were probably due to the extra cash BOT itself drew from the market.

Last week the central bank increased the issue of its 1-month bonds from 2 billion baht to 6 billion baht "just to test the level of liquidity in the monetary market," according to Mr Roengchai.

Then last Friday it dropped 3.7 billion baht worth of bonds on the local market, making the liquidity situation even tighter than before.

Vietnam

SRV Article Welcomes China, Burma Joining Mekong Committee

BK0905041496 Hanoi Voice of Vietnam in English
1000 GMT 8 May 96

[Station Commentary]

[FBIS Transcribed Text] The third session of the Joint Mekong River Committee will be held in Bangkok in early July. The weekly INTERNATIONAL AFFAIRS magazine of the Foreign Ministry of Vietnam on May 7 reported that China might join this session to discuss its official membership to the committee. Our radio commentator has more to say.

The committee currently has four members: Vietnam, Laos, Cambodia, and Thailand. China and Myanmar [Burma] witnessed the signing of the cooperation treaty last year as observers. The participation of China and Myanmar on the committee is welcomed. Both China and Myanmar have expressed for a year now the willingness to cooperate with members of the Mekong River Committee. The participation of China will help provide more detailed information for nations in the lower Mekong River basin on the construction of a dam at the upper sources of the Mekong River by China. Cambodia has expressed concern about the construction of such dam by China because it could affect the environment especial fishing ground and the river's ecology. Thailand also complained about the sudden decrease in the river's water level. As for Vietnam,

the country at the lowest part of the Mekong River, it also has been constantly affected by the use of waters by countries at its upper sources. It would be hard for the Mekong River delta in Vietnam to cope with the penetration of sea waters if the fresh waters of the Mekong River decreased.

The construction of the water dam by China without regarding the impact on the river basin would prevent sustainable development of the Mekong subregion.

Though Myanmar has not yet officially asked for the Mekong River Committee membership, its representatives said that they would ask their government to join the committee's coming session in Bangkok. This is important because all the parties have realized the necessity to set up a dialogue mechanism on cooperation between Mekong River Committee members and the two nations at its upper sources pending their full memberships.

With a long-term goal to create the potential market for 200 million local inhabitants and the region's diversified natural resources, member countries of the Mekong River Committee and adjacent nations like China and Myanmar as well as ASEAN member countries have been working hard to achieve the goal of peace, stability, and prosperity for the Mekong subregion and the region as a whole.

SRV: Commentary Urges More Economic Ties With Russia

*BK0705131496 Hanoi Voice of Vietnam in English
1000 GMT 7 May 96*

[Station commentary]

[FBIS Transcribed Text] In his visit to Vietnam early this year, the vice president of the Russian Academy of Scientists, Mr. (Kuriyuriez) remarked that the Russian Federation and Vietnam should have closer cooperation for mutual benefit. Our editor comments:

The remark is correct. Cooperation between Russia and Vietnam has made positive steps of development, but it does not match potential and does not meet the aspirations of the peoples of both countries. This cooperation has a very firm foundation. As Vietnam and Russia have long-term and traditional cooperative ties dating back to the years when Russia belonged to a powerful socialist country. Although the former Soviet Union has disintegrated, Vietnam always considers Russia a superpower with major economic, scientific, and technological prowess. The agreement on principles of bilateral ties signed in Moscow in 1994 and 15 other documents relating to cooperation between the two

countries already signed serve as the legal ground for the development of bilateral cooperation.

The peoples of Russia and Vietnam are very proud of cooperation projects such as the Russian-funded Hoa Binh Hydroelectric Power Plant which is the biggest in Southeast Asia and the Vietsovetro joint venture. These projects have made great contributions to economic development in Vietnam in recent years.

However, Russia so far is only 18th of the 52 investors in Vietnam. Russia now has 31 investment projects in Vietnam capitalized at \$120 million. This is small compared with the more than 100 projects invested by Japan in Vietnam worth more than \$1.5 billion. Of the 1,800 trade and foreign joint venture projects in Vietnam, Russia has 14. Worthy of note is that many Vietnamese have been trained in Russia. They can speak Russian very well and have knowledge of Russian machines and technology. It is a very precious resource. As pointed out by Russian newspaper BUSINESS WORLD, if Russia had a more flexible and thorough policy, these people would do much for cooperation between the two countries.

SRV: Double Taxation Agreement Signed With Switzerland

*BK0605155096 Hanoi VNA in English
1405 GMT 6 May 96*

[FBIS Transcribed Text] Hanoi VNA May 6 — Vietnam's Finance Minister Ho Te and Swiss Ambassador Jurg Leutert signed here today an agreement on double taxation avoidance between the two governments.

The agreement, the 26th Vietnam accorded with foreign countries, will create the legal basis for Vietnam and Switzerland to carry out capital and technology investment operations and labour exchanges as well as for the two countries' tax authorities to boost cooperation in controlling tax payers and implementing tax laws.

SRV: Spratlys 'Research' Carried Out With Philippines

*BK0805161796 Hanoi VNA in English
1535 GMT 8 May 96*

[FBIS Transcribed Text] Hanoi VNA May 8 — A symposium on the results of the joint research of marine organisms between Vietnam and the Philippines has been held in Ho Chi Minh City.

Vietnamese deputy minister of science, technology and environment, Prof. Dr. Do Hao, Philippine Ambassador to Vietnam Ms. Rosalinda Valenton Tirona, nearly 30 scientists of the joint research team and other

researchers of the two countries were present at the symposium.

The joint research of marine organisms a long a route from Manila to Ho Chi Minh City was conducted from April 24 to May 3 under an agreement between the two governments with the aim to collect oceanographic data and information, evolution of sea environment as well as sea biology and natural resources in the East Sea.

The Vietnamese and Philippine scientists in the joint research team was received by the Philippine President Fidel Ramos in Manila on the eve of their trip.

During the 15-day trip the scientists concentrated their research on oceanographic sciences such as oceanographic physics, oceanographic chemistry, sea biology and coral ecological system. 4 reports presented at the symposium stressed on the importance of the joint research, describing it as one of the means to build confidence between countries in the East Sea region.

On May 4, mayor of Ho Chi Minh City Truong Tan Sang received the Vietnamese and Filipino scientists in the search team.

SRV: General Secretary Addresses Police Congress

*BK0305092396 Hanoi VNA in English
0716 GMT 3 May 96*

[FBIS Transcribed Text] Hanoi VNA May 3 — Party General Secretary Do Muoi has instructed policemen to accomplish their tasks, joining in efforts with the entire party, people and army to boost industrialization, modernization and successfully build socialism.

Addressing the congress of the central police party committee held in Hanoi yesterday in preparation for the coming eighth national party congress, the party leader stressed: "National defence is the task of the whole party, people, of various branches and levels, and Army and police forces are the core."

He further said that police must well determine its major standing responsibility in the struggle against "peaceful evolution", defending national security, protecting law and maintaining social order and safety.

"Vietnam is stepping into a new period, boosting industrialization and modernization. Police force should continue renovating its operational procedure to meet the requirements, fulfil defending task and efficiently serve that important cause," Mr. Muoi said.

He continued: "The police should strengthen party protection work, the protection of the system, revolutionary achievements of the people, resolutely struggling, in politic, ideology and law as well, against the provoca-

tion of the enemy and ill-disposed elements who attempt to maliciously spread doubt, oscillation of the position and leadership role of the party. Special attention should be paid to internal political security protection work, timely discovering penetration and sabotage activities of the enemy, contributing to building clean, firm and strong party".

SRV: Bumper Rice Crop for Mekong River Delta

*BK3004145896 Hanoi VNA in English
1400 GMT 30 Apr 96*

[FBIS Transcribed Text] Hanoi VNA April 29 — Mekong River delta, the biggest rice producer in Vietnam, is expected to gross about 6.7 million tons of rice in this winter-spring crop or over 0.5 million tons higher than the same crop last year. This bumper rice crop is of significance to Vietnam in its efforts to achieve the target of 28 million tons of food set for 1996 by the National Assembly.

According to initial reports, local farmers have harvested this rice crop on about one million ha with an output averaging 5.6 tons per ha or about 0.1-0.2 ton more than the corresponding crop of 1995.

In this winter-spring crop, the largest among the three paddy crops in the country, the rice acreage in the delta was increased to 1,275,731 ha, about 41,000 ha higher than the plan and between 100,000-150,000 ha more than last crop. Eight out of the 11 provinces in the region surpassed their plans of transplanted areas.

An Giang has continued to take the lead in both area and productivity of paddy among the 11 provinces in the Mekong delta. In this crop, it has yielded between 6-6.5 tons per ha on its harvested acreage or even 7.5 tons in some areas. The runner-up is Dong Thap where farmers have grossed between 6-6.5 tons per ha in all its districts under the commodity rice region of Dong Thap Muoi (plain of reeds).

At present, eight out of the 11 provinces in the delta have joined the club of one-million-ton food output in the country. Last year, An Giang secured 2.2 million tons of food, the record in the country to date.

SRV Government To Assist Food Companies To Buy Paddy

*BK0505124296 Hanoi Voice of Vietnam in English
1000 GMT 5 May 96*

[FBIS Transcribed Text] Nearly 1.3 million tonnes of paddy have been purchased nationwide in an effort to re-adjust paddy price in favor of rice producers. In comparison with the same period last year, the quantity of purchased paddy this year increased by hundreds of thousands of tonnes. This was attributed to the government's provision of capital to food companies,

urging them to buy and transport paddy to the domestic market and prepare products for export, distribution, and national reserve, thus increasing the flow of fixed capital.

SRV: Political Bureau Discusses Hanoi's Economic Structure

*BK0505124996 Hanoi Voice of Vietnam in English
1000 GMT 5 May 96*

[FBIS Transcribed Text] The Political Bureau of the Vietnamese Communist Party Central Committee had a working session with the Hanoi party committee on the economic structure of the capital, namely industry, trade, tourist service, and agriculture. The Vietnamese leaders also called for the development of infrastructure of Hanoi.

SRV Prime Minister Views Importance of Ship Building, Repair

*BK0705034296 Hanoi Voice of Vietnam in English
1000 GMT 6 May 96*

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has emphasized the importance of ship building and ship repair industry for industrial development. The coastal city of Haiphong is the country's major ship building and repair center and used to attract a large amount of state investment. The ship building sector there employs a total of 10,000 people, one of the city's major employers.

SRV: Do Muoi Attends Hanoi Party Organization Congress

*BK0705124696 Hanoi Voice of Vietnam in English
1000 GMT 7 May 96*

[FBIS Transcribed Text] The 12th congress of the Hanoi Communist Party Organization opened on Tuesday. It

is one of the important events in preparation for the coming Eighth National Party Congress to be held in June.

The congress is reviewing socioeconomic development in Hanoi over the last five years and discussing targets for the next five years. Party General Secretary Do Muoi, other party and state leaders, and over 400 representatives representing 140,000 party members of Hanoi are attending the congress.

The report presented by under secretary of the Hanoi Party Committee Le Xuan Tung highlighted that during the last five years Hanoi's GDP increased by 12 percent, industries up by 14 percent. Hanoi now has 210 foreign investment projects valued at \$3.3 billion. Mr. Le Xuan Tung pointed out plans for further development of Hanoi between now and the year 2000. This was to achieve an annual growth rate of 15 percent and industrial increase by 20 percent, and a reduction of population growth to 1.3 percent with a view to building Hanoi into a modern civilized capital with traditional cultural characteristics. Addressing the forum, party leader Do Muoi said:

[Begin Do Muoi recording in Vietnamese fading into English translation] Hanoi remains poor with backward economic infrastructure. Despite the many efforts being made, Hanoi needs a comprehensive master plan on urban and social management [end recording].

The party leader urged the congress to overcome shortcomings and weaknesses, to build Hanoi into an economic, political, and social center of the country taking the lead in national industrialization and modernization.

The Hanoi party congress continues until Thursday.

Australia

Australia: Minister Outlines Defense Priorities

BK0905065796 (Internet) Australian Defense WWW
in English 3 May 96

[Address by Australian Defense Minister Ian McLachlan to a conference on "The New Security Agenda in the Asia-Pacific Region" organized by the Strategic and Defense Studies Center and the International Institute for Strategic Studies in Canberra on 3 May: "Australian Defence Policy After the Year 2000" — dollar figures in Australian dollars]

[FBIS Transcribed Text] I am delighted to have the opportunity to speak on Australian defence policy as we come into the new century. It is particularly appropriate that I should give my first speech as Defence Minister at a conference organised by your two institutions.

The Strategic and Defence Studies Centre (SDSC) has for thirty years made a major contribution to the defence debate in Australia. The shape of Australian defence policy now, and indeed at the turn of the century, will have much to do with SDSC's contribution.

For its part the International Institute for Strategic Studies (IISS) has, since 1961, exercised a strong influence over the development of western strategic thinking. It is good to see that the Institute is taking a closer interest in Asia-Pacific security affairs.

This conference on the new strategic agenda in the Asia-Pacific will help promote the cross-fertilisation of ideas for people in the defence business. Things are changing fast in the region. It is important to study old assumptions about defence to see if they are still relevant.

I hope this conference will help re-ignite a defence debate in Australia. I say 're-ignite' because public and academic interest in defence issues has ebbed in recent years. That is a pity because this is not the time for Australia to reduce its defence effort.

Our key defence priorities are to build up combat capabilities; to strengthen and revitalise alliances; to seek closer ties with our neighbours. We want to build on the international respect which our defence force commands for being a highly professional organisation.

The Coalition's record on defence

However, before I talk about the directions the government has set for defence, I want to make a few remarks about the past.

Governments around the world put a lot of effort into presenting history in ways which suit their own policy goals.

Nowhere was this more apparent than in Australian defence. The previous government worked hard to create the impression it had invented defence self-reliance, and that it originated security co-operation with Asia.

The view that Australia had to be the principal defender of its own interests, that we needed to do this in alliances and in close contact with our neighbours was not the invention of the previous government.

In fact these elements have been woven into the fabric of Australian defence policy since federation. The most striking thing about the history of Australian defence policy is that the themes of developing independent military capabilities, strong alliances and extensive ties with the region constantly recur.

It is not fashionable these days to say anything positive about Sir Robert Menzies, but his period in office had a defining influence on the shape of Australian security policy. I am pleased that historians are re-evaluating his record as Prime Minister between 1939 and 1941 and the effort which his government put into re-arming after decades of defence neglect.

More importantly, though, it was the Menzies government after 1949 which set Australia's post-war strategic framework by negotiating the ANZUS [Australia-New Zealand-U.S. Defense Pact] treaty and by committing Australian forces to Korea, the Malayan Emergency and Confrontation.

He made it clear that Australian security was intimately bound with the security of our neighbours. It was Menzies who said that Australia needed to think of Asia as our 'near north' rather than what the British called the 'far east.'

Many elements of the modern ADF's [Australian Defense Force] force structure were set in the mid-1960s. Menzies was responsible for ordering the F-111 aircraft in 1963 — the aircraft featured on the cover of the Defence White Paper put out by Labor in 1994. Other acquisitions included the Oberon submarines and guided missile destroyers.

The Fraser Government's 1976 paper, Australian Defence, gave the first detailed statement about the central place of defence self-reliance in national security policy.

That 1976 document is rather forgotten today, but it was a seminal review which changed strategic policy after the Vietnam war. Reading it today one is struck by the many familiar phrases it contains about the importance of self-reliance, alliances and security co-operation with our neighbours.

The Coalition's strategic tradition

Coalition governments have a history of making defence decisions which enhanced our forces. We originated our key alliance and many regional links. We put in place the foundations for the ADF's present day force structure and capabilities.

Most importantly, Coalition governments have a tradition of making innovative responses to fundamental strategic change. I intend that you shall find things no different under the Coalition Government of 1996 and beyond.

The 1994 Defence White Paper adequately described the shape of the early post-Cold War era. But it did not offer a blue-print for Defence reform. We do not believe it made judgements that were sharp enough about how to change the ADF to meet the challenges of 2010 or 2015.

The immediate task for defence policy is to map an agenda for practical reform, making sure the forces are developed in the most appropriate and cost-effective way to meet the new strategic environment.

In doing that, we will apply the same principles which guide our approach to government. Our preference is for small government; for maximum public accountability; for squeezing the greatest possible value out of public spending; for promoting effective management and individual initiative.

On the intentional stage this means developing forces which are respected for being tough, focussed and highly efficient.

The government's commitment to building up strong forces is on record and demonstrated by our decision not to cut defence spending.

Notwithstanding what I have said about the historical role of past Coalition governments, the Labor government did a number of positive things in the last few years.

The previous government made the correct decision to build the ANZAC frigates and Collins class submarines, and to build them in Australia. I am concerned about some delays in the Collins project but there is no question that both Collins and ANZAC will be highly capable vessels.

The introduction of the Commercial Support Program was a good step, although we will review the scope, content and speed of the program. We may have to speed it up.

Of course, these and other areas received bipartisan support at the time. I hope that situation will continue.

It is clear, however, that a rethink of defence policy is needed. I would like to outline the Government's defence key objectives to indicate our directions for the next three years.

Key defence objectives

Our key defence policy aim is to develop military forces able to defeat any attack against Australia. No country has the interest or capacity to launch a full scale invasion against us. So our focus is on countering more realistic levels of threat.

Our purpose is to deter any potential aggressor and, if deterrence fails, to defeat the enemy in our sea and air approaches and on land.

That objective is, and must be the core business of the ADF. Additionally, the Government will make an effective contribution to regional security. Australia's defence does not begin at our coast-line. On the contrary, we cannot be secure if the region is unstable.

Defence is making a growing contribution to our wider regional security aim*. One of the issues we need to examine is how far that particular role can and should be taken.

Australia cannot be adequately defended only by guarding our territory and by merely looking on at the changes sweeping through Asia.

The stability and prosperity of our neighbours; their willingness to resolve issues peacefully; their own perceptions of threats and dangers — these issues will determine whether Australia remains at peace.

There are many potential flash-points in the Asia-Pacific. China-Taiwan, the Korean Peninsula and sovereignty disputes in the South China Sea are the most frequently mentioned areas where there is potential for military conflict.

In addition to these, however, there are many disputed border areas, competing claims over patches of land and sea, piracy, internal insurgency conflicts and historical enmities and suspicions often arising out of religious or ethnic differences.

All of these remain potential threats to peace and stability.

Our approach to Australia's defence and security, therefore, needs to use a wide definition of our interests.

Trade access, freedom of navigation over air and sea routes and the security of our neighbours are all crucial interests.

We also need to continue to strengthen our crucial alliance relationship with the United States. The alliance remains a central pillar of our defence policy.

Our defence relationship with the US has and will continue to develop out of shared security interests and a mutual respect for the capabilities and contribution which our forces can make to regional stability.

Defence policy at the turn of the century

What will Australian defence policy look like at the turn of the century? Well, the first thing to say is that the turn of the century is not very far away — only 44 months.

In Defence planning terms that is almost tomorrow. Most of the major equipment projects currently under way will, by 2000, still be delivering new equipment. We expect that much of that equipment will still be in service in the year 2020 or 2030.

In terms of its overall size and major equipment holdings the ADF of 2000 will be similar to the one we have now.

Let me outline five priority areas where we will implement changes to defence policy.

Increasing combat capability

Our first priority is to increase the ADF's combat capabilities.

The purpose of military forces is to deliver effective combat-power on the battlefield, where-ever that might be.

Granted, the ADF does have other roles to play, for example, in regional engagement and peacekeeping. But the bottom line is that we have a military to provide highly capable combat forces to protect our national interests.

We will increase combat elements and combat capability in the ADF through carefully redirecting resources. In my short time as Minister I have been impressed by the range of skills maintained by the ADF.

But clearly they must increase to maintain our relative military position in the Asia Pacific at a time when many countries in Asia are modernising their forces.

No country in the region currently presents a threat to Australia. Indeed we maintain good security relations with all our neighbours and defence cooperation is an important part of our ties.

However, it is a fact that military forces are generally growing in the Asia-Pacific. This is a development Australia cannot ignore.

Therefore our aim is that the ADF of 2000 should be able to deliver a greater combat punch across a range of key military capabilities.

As an island country Australia needs to give special emphasis on sea and air forces. We will work to improve our capacity to locate and respond to potential aggressors in our maritime surrounds.

In terms of land forces, I recognise a need to increase the flexibility and deployability of highly capable Army elements. As our pre-election policy announced, we will look at ways to re-establish the capability which was lost when the previous government closed down two regular Army battalions in the early 1990s.

As a final point about increasing combat capabilities, I should add that the ADF of the 21st Century must be a truly joint organisation.

We have some distance to go to get to that point. But the way forward is clear. There will be more joint Service co-operation in non-combat support areas, in command and control and between combat forces. We need to structure our forces in the manner in which we plan for them to fight.

Strategies for cost-effectiveness

The government's second goal for the ADF of 2000 is that Defence must be more cost-effective. This simply has to be done if we are going to increase combat capabilities.

The resources we save from administrative reform will be kept by Defence and redirected to achieve greater combat power.

Achieving cost savings through slimming down administration and by using more efficient work practices is essential. Indeed it is being introduced in all areas of Commonwealth spending.

Defence is the only federal government agency not to take an overall spending reduction. That shows the depth of Coalition Government support for Defence. But it also places an iron-clad obligation on Defence Organisation to get the maximum value for money out of our \$10 billion budget.

I am not satisfied that is presently the case. There are areas where money is not being efficiently spent.

Cost blow-outs on the two tank landing vessels bought from the United States and the duplication of support and administration services are two examples.

Our policy is to make savings of \$125 million a year for the next three years in administrative areas. I know that significant efficiencies have been made as a result

of the Commercial Support Program and other reforms. But Defence is at the beginning, rather than the end, of the reform process.

I recognise these changes will not be achieved without some stress within the organisation. However our objective to increase combat capability is clear and supported by the Australian public. We also need to be realistic about prospects for increases in defence spending over the next three years.

Frankly, it is hard to imagine any area of government spending increasing unless we fix our national economic problems, encourage private sector growth and workplace reform and increase our national wealth.

These things will happen over the life of the Coalition government, but the economic climate does not make it possible to think about defence spending increases in the next three years.

In the context of making Defence more cost effective, I am considering whether we should have an external review of management and financial processes in Defence. Is our project management up to international best practice? Could we manage personnel more efficiently?

I stress that I have not yet made my mind up about this proposal, or whether we should opt for a full scale White Paper. However, I am not averse to the idea of a thorough-going review of how Defence does its business. There are a number of possibilities and I am reviewing these options.

More satisfying careers

Our third goal for defence policy at the turn of the century is to offer more satisfying careers for ADF personnel.

The loss of key personnel from the Services — often with highly specialised skills which take years to acquire — is a loss we simply cannot afford. Recruitment is difficult and the need for constant training is very costly. Therefore we will be looking at ways of stemming the loss of people with key skills.

I do not think this is a problem solved by just offering more money, although in some cases like the retention bonus for air traffic controllers money can help slow the exit of personnel.

We will be taking a close look at the Glenn Review of personnel policy and will implement a long term strategic plan in accordance with the principles identified in the report.

In other respects our defence policy identified a range of personnel issues, from widening access to the ADF Home Loans Assistance Scheme to changes to child

care, health arrangements and education schemes, which will help improve the lot of service people.

More generally, though, we believe that the most effective way to retain quality people is to give them a sense of purpose and an understanding about how their contribution fits into the broader defence picture.

Having a clearer sense of the purpose of the organisation and an understanding about how Defence directly contributes to our national interests will help Defence internally and also help to strengthen community support for Defence activities.

It is enormously important to ensure that the public understands and supports the key elements of our policy.

In recent years public support for, and understanding of, defence appears to have declined somewhat because of a lack of clarity in Australia's key policy aims in the post-Cold War world.

That is a potentially dangerous situation. Governments must exercise leadership by explaining defence policy goals in ways that generate public support. I am confident we can do that through the careful examination and explanation of our post-Cold War defence aims.

Alliance management [subhead]

Our fourth goal for defence policy at the turn of the century is to have revitalised our alliance relations, and ensure they stay relevant to our strategic circumstances.

The United States continues to play a pivotal security role in the Asia Pacific. America's security commitment to the region is an essential stabilising factor at a time when power relativities are changing and countries acquiring modern defence capabilities.

Australia was well satisfied with the robust American response of sending a number of warships to the waters around Taiwan during the recent China-Taiwan difficulties. We said so publicly at the time.

We were also very pleased with the restated alliance commitment between Japan and the United States, and the review the two countries are holding into increasing defence co-operation.

Both these events have demonstrated America's commitment to Asia Pacific security.

A healthy alliance with the United States will reinforce the good reasons why Washington remains engaged in Asia.

We will address whether we should consider new areas for security cooperation with the United States. Where possible, we will try to increase existing types of defence contact.

We also place a high priority on our alliance with New Zealand. I recently visited Wellington for a productive series of talks with Prime Minister Bolger and Ministers East and McKinnon.

We see opportunities for new co-operation in areas like equipment acquisition and ensuring that, as the two national forces develop capabilities, they keep in mind the enormously close co-operation which exists between Australia and New Zealand.

Of course, co-operation is carried forward when both sides derive value from the association.

While I was in New Zealand I said that we hoped Wellington would see its way clear to purchase additional ANZAC frigates. But this is not a decision that New Zealand has to take until late next year.

I also made it clear that we hope New Zealand and the United States would resolve their differences over the nuclear ships issue. We cannot hide the fact that this split in the ANZUS alliance is one which imposes practical difficulties on all three parties.

There are continuing costs to Australia in terms of our needing to mount two sets of bilateral exercises.

These difficulties aside Australia derives value from its bilateral security relationship with New Zealand. It is logical that this relationship will continue to develop, with the two military forces arriving at new and more comprehensive forms of co-operation.

Agenda for regional co-operation

The final area I want to mention concerns defence co-operation in the region.

My colleague, Alexander Downer, has already spoken about the agenda for regional security co-operation, the well established links we have with our neighbours, and the co-operative activity — both bilateral and multilateral — growing in the region.

The ADF has long been an important adjunct to our diplomatic efforts in the region. Because of the associations — in some cases going back to the immediate post-war period — which Defence has developed with the countries of South East Asia, our military has a great depth of understanding about our neighbours.

We are optimistic that regional engagement will continue to grow. There will be new opportunities for military-to-military contact. In most cases this will be bilateral contact, but the ASEAN Regional Forum (ARF) is creating opportunities for the ADF to engage in multilateral contact as well.

Defence contact of this sort contributes very directly to promoting regional peace and security and therefore also to Australia's defence.

I recognise that additional forms of co-operation will create pressures within Defence in setting priorities for spending our operational budget.

Competing operational priorities for dollars, personnel and equipment will have to be assessed against some tough Defence criteria. However, regional and alliance co-operation activities should not be regarded as 'optional extras.' They are an essential element of Australian defence policy, contributing to our immediate security.

Combined exercises with regional friends will become more demanding as countries acquire high technology equipment. Along with training opportunities and personnel exchanges this will provide a solid basis for high-quality defence relationships to develop.

Over time we will be looking to build on existing relationships. Naturally, defence co-operation with Indonesia has a high priority. We are keen to talk with the Indonesians about how to further develop the defence relationship.

The bilateral Agreement on Maintaining Security will prove to be a good vehicle for increasing practical co-operation. That is something I hope to address when I visit Jakarta.

We already have very solid defence ties with Malaysia and Singapore, not least under the Five Power Defence Arrangements which this government strongly supports. We will continue these much valued defence relationships and look to increase opportunities for contact.

A measure of how close such defence relationships can develop is the location in Australia of the Singapore Flying Training School at RAAF [Royal Australian Air Force] Base Pearce in Perth, which I visited a few weeks ago.

I was very impressed with the facility and the level of co-operation which existed between the Australian Commanding Officer at Pearce and the Singapore Flying School Commanding Officer.

Of course we are optimistic that Malaysia sees the merits of Transfield's Offshore Patrol Vessel bid, and it is likely that other opportunities for defence industry joint ventures will arise.

Finally, on Papua New Guinea, the government will put a substantial effort into bolstering the relationship.

We are not satisfied that our defence co-operation activities have produced the best results for either

country. I think there is a need to take a close look at the substance of defence co-operation to see how it can be developed to meet both our countries' needs.

Conclusion

Let me conclude by restating some of the key issues the Government will address in defence policy.

Our aim is to reorder defence spending priorities so that we can build up combat capabilities in the ADF.

Maintaining high levels of combat capability is the prime reason for spending \$10 billion a year on defence. The Government puts such a high priority on Defence that the budget has not been cut.

But we have an obligation to the Australian people to make sure we are getting maximum value for our defence dollar.

Secondly, an effective Defence policy cannot just concern itself with protecting the shore-line. Our defence begins with the security of the region. Policy must be structured in such a way that the ADF is able to make a substantial contribution to regional security as a whole.

These two features together define the thrust of the Government's defence policy. By the year 2000 I anticipate that we will have a Defence Force:

- increasingly able to deliver decisive combat power on the battlefield;
- with a smaller administrative 'tail';
- offering more attractive career opportunities;
- with revitalised alliance structures;
- and finally, making a substantial and respected contribution to Asia Pacific security through increasing defence contact with our neighbours.

I am happy to take any questions you may have.

Australia: Agreement Signed With Chile for Direct Air Service

BK0805031396 Melbourne Radio Australia in English 0100 GMT 8 May 96

[FBIS Transcribed Text] Australia and Chile have signed an agreement providing the first direct air services between the two countries. The federal transport minister, John Sharp, says Chilean and Australian carriers will be able to operate three services a week between the two countries via New Zealand and Tahiti.

Special arrangements have been made to allow joint operations between Qantas and Lan Chile as early as August. At present, travelers to South America must fly via New Zealand to Buenos Aires by Papeete or via the United States.

The federal government says the agreement reflects the importance of relations with South America and the desire to give a higher priority to developing the air links to South American countries.

New Zealand

New Zealand: Authorities Detain Fugitive ROK Diplomat

BK0905085096 Hong Kong AFP in English 0625 GMT 9 May 96

[FBIS Transcribed Text] Wellington May 9 (AFP) — A sacked South Korean diplomat wanted by authorities in Seoul was arrested in Auckland Thursday pending his expected deportation later in the day, his lawyer said.

Choi Seung-jin, formerly vice-consul in South Korea's New Zealand embassy, is accused by Seoul of forging essential parts of a ministry document to help the opposition Democratic Party win local elections last June.

Choi applied for refugee status after the South Korean government sacked him, accused him of forging evidence and took steps towards criminal prosecution.

The Immigration Service refused him refugee status and he appealed to the Refugee Status Appeals Authority. They rejected his application.

Choi has resisted Korean demands that he return and his continued presence in New Zealand has created diplomatic tensions between Wellington and Seoul.

Choi is now likely to arrive in South Korea Friday — the same day New Zealand Prime Minister Jim Bolger arrives in Seoul for a weekend state visit.

Choi's lawyer Roger Chambers told Radio New Zealand he could do nothing more for Choi.

He said he received the decision at 11am Thursday (2300 Wednesday GMT).

"I then received information that half an hour later he had been arrested, I don't know whether by police or by immigration service officers, and then lodged in the watch-house cells at Auckland Central."

He condemned the "unseemly haste" of it all.

He said others who lost their first appeal were usually able to lodge further appeals and were not immediately deported. "Mr Choi's fear is this; that there will be a public trial of him which will no doubt be proper and he will be accorded due process. He is worried what will happen behind closed doors and in cells well away from the court house. He has been through it before."

Choi's 17-year-old daughter and 15-year-old son live in New Zealand on student visas. Their status is unclear.

Foreign Minister Don McKinnon told reporters Choi's life was not in danger.

"We did not believe justify refugee status, he is not really in a situation that he must fear for his life," McKinnon said, adding that the authority which considered Choi's application was an independent judicial body.

"I think there are many times when one would like to be able to influence them, it is absolutely impossible for us to influence them. If I could have influenced them this event (deportation) would have happened 10 months ago," McKinnon said.

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